



**United Nations**

**United Nations Entity for Gender Equality  
and the Empowerment of Women**

# **Financial report and audited financial statements**

**for the year ended 31 December 2019**

**and**

## **Report of the Board of Auditors**

**General Assembly**

**Official Records**

**Seventy-fifth Session**

**Supplement No. 5L**





**United Nations Entity for Gender Equality and the  
Empowerment of Women**

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*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## Letters of transmittal

### **Letter dated 30 April 2020 from the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors**

Pursuant to financial rule 1202 of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), enclosed are the financial statements for the year ended 31 December 2019. These statements have been prepared and signed by the Director of the Division of Management and Administration and Officer-in-Charge of UN-Women.

*(Signed)* Phumzile **Mlambo-Ngcuka**

Executive Director

United Nations Entity for Gender Equality and Empowerment of Women

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**Letter dated 21 July 2020 from the Chair of the Board of Auditors  
addressed to the President of the General Assembly**

I have the honour to transmit to you the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2019.

*(Signed)* Kay **Scheller**  
President of the German Federal Court of Auditors  
Chair of the Board of Auditors



## Chapter I

### **Report of the Board of Auditors on the financial statements: audit opinion**

#### **Opinion**

We have audited the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), which comprise the statement of financial position (statement I) as at 31 December 2019, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2019, and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of UN-Women, in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the financial statements and auditor’s report thereon**

Management is responsible for the other information, which comprises the financial report for the year ended 31 December 2019, contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of UN-Women to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management intends either to liquidate UN-Women or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of UN-Women.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UN-Women.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UN-Women to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UN-Women to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

In our opinion, the transactions of UN-Women that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the financial regulations and rules of UN-Women and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UN-Women.

*(Signed)* Kay **Scheller**  
President of the German Federal Court of Auditors  
Chair of the Board of Auditors

*(Signed)* Jorge **Bermúdez**  
Comptroller General of the Republic of Chile  
(Lead Auditor)

*(Signed)* Rajiv **Mehrishi**  
Comptroller and Auditor General of India

21 July 2020

## Chapter II

### Long-form report of the Board of Auditors

#### *Summary*

By its resolution [64/289](#), the General Assembly established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). UN-Women provides guidance and technical support to all Member States, at their request, on gender equality, the empowerment and rights of women and gender mainstreaming. It is mandated to work in consultation with national machineries for women and civil society organizations and to operate as part of the resident coordinator system within the United Nations country team by leading and coordinating the team's work on gender equality and the empowerment of women. The Board of Auditors (the Board) noted that UN-Women spent \$420.89 million against total revenue of \$527.40 million for the year ended 31 December 2019.

The Board audited the financial statements and reviewed the operations of UN-Women as part of its audit of the financial statements for the year ended 31 December 2019. The audit was carried out at United Nations Headquarters in New York from 30 September to 18 October 2019 and involved field visits to the UN-Women multi-country office in Fiji from 4 to 22 November 2019 and the Turkey country office from 8 January to 5 February 2020.

Since April 2020, the Board has conducted the audit of the financial statements, including the final audit, remotely owing to coronavirus disease (COVID-19).

In the present report, the Board presents the main findings and recommendations arising from its work.

#### **Scope of the report**

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed UN-Women operations under United Nations financial regulation 7.5, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The report also includes a brief commentary on the status of implementation of previous recommendations.

#### **Audit opinion**

In the opinion of the Board, the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

## Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of financial records of UN-Women for the year ended 31 December 2019.

The Board concluded that UN-Women provides and applies controls that allow reasonable mitigation of the risks present. However, the Board identified scope for improvement in areas such as governance, information and communications technology (ICT), procurement management, project management, human resources and travel management.

## Key findings

### *Non-formalized office categorization*

The Board performed an analysis of the Entity's various office categories and found that there was no formal definition or up-to-date registry for each type of office;

### *Delayed processing of advance liquidations and recording of project expenditures*

The Board performed an analysis of six projects on the basis of a comparison of the date of journal entry of advance with the date of journal entry liquidation. The Board noted exceptions in 42 cases of funding authorization and certificate of expenditure forms, submitted and recorded beyond the required reporting cycle;

### *Non-compliance with the opportunity in registration of accounts payable journal voucher*

The Board observed that, for one project, the accounts payable journal entries prepared to record the project expenditure had been posted in the Atlas system between one and two days before the Project Manager reviewed the funding authorization and certificate of expenditure forms, which were also not duly signed; and for two other projects, there were marked delays in the preparation of accounts payable journal entries, which were posted after the maximum of 20 days allowed.

## Main recommendations

On the basis of its findings, the Board recommends that UN-Women:

### *Non-formalized office categorization*

(a) **Formalize the categorization of its offices, establishing the definition of the functional set-up of each presence type, including minimum functions, positions and resources for both resident and non-resident modalities, as well as the various types of services to be provided. Furthermore, maintain an accurate and updated registry of all offices;**

The Board recommends that the UN-Women multi-country office in Fiji:

### *Delayed processing of advance liquidations and recording of project expenditures*

(b) **Monitor the implementing partners or responsible parties closely so that funding authorization and certificate of expenditure forms are received on time, project expenditures are recorded appropriately and the role of monitoring their activities is fulfilled;**

*Non-compliance with the opportunity in registration of accounts payable journal voucher*

(c) (i) **Ensure the proper recording of project expenditures through the timely preparation and posting of the corresponding accounts payable journal vouchers, in accordance with the provisions of the UN-Women policy on cash advances and other cash transfers to partners in a reasonable and timely manner after the Project Manager has approved the funding authorization and certificate of expenditure forms;**

(ii) **Ensure that duly authorized officials first sign the reviewed project expenditures and the requests for advances to partners, which leads to the approval of the funding authorization and certificate of expenditure forms. Finally, record the expenditure appropriately in the accounting system.**

**Key facts**

6	Regional offices
5	Multi-country offices
50	Country offices
6	Liaison offices
32	Programme presence countries
1,088 staff	Employed by UN-Women
1,762 non-staff	Non-staff personnel working for UN-Women
\$442.51 million	Budget for 2019
\$527.40 million	Total revenue for the year 2019
\$420.89 million	Total expenses for the year 2019
\$32.53 million	Reserves as at 31 December 2019
\$500.39 million	Voluntary contributions for the year 2019
\$97.27 million	After-service health insurance, repatriation benefits and death benefits liability as at December 2019

**A. Mandate, scope and methodology**

1. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established in 2010 to support, address and contribute to gender equality and the empowerment and the advancement of women. UN-Women supports States Members of the United Nations as they set global standards for achieving gender equality and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind the equal participation of women in all aspects of life, focusing on four strategic priorities: (a) women lead, participate in and benefit equally from governance systems; (b) women have income security, decent work and economic autonomy; (c) all women and girls live a life free from all forms of violence; and (d) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN-Women also coordinates and promotes the work of the United Nations system in advancing gender equality, and in all deliberations and agreements linked to the 2030 Agenda for Sustainable Development. The Entity works to position gender equality as fundamental to the Goals and a more inclusive world.

2. The Board of Auditors has audited the financial statements of UN-Women and has reviewed its operations for the year ended 31 December 2019, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly, the financial position of UN-Women

as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies of UN-Women.

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed the operations of UN-Women under regulation 7.5 of the Financial Regulations and Rules of the United Nations, under which the Board may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations of UN-Women.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UN-Women management, whose views have been appropriately reflected in the report.

## B. Findings and recommendations

### 1. Follow-up of previous years' audit recommendations

7. The Board noted that there were 22 recommendations outstanding when its report for the financial year ended 31 December 2018 was issued. The Board considered that 15 (68 per cent) were implemented, while 6 (27 per cent) were still under implementation and 1 (5 per cent) was overtaken by events, as illustrated in table II.1 below. Notwithstanding the aforementioned, the implementation rate of audit recommendations was satisfactory. Details of the status of implementation of the recommendations are set out in the annex to chapter II.

Table II.1

#### Status of implementation of recommendations

	Fully implemented	Under implementation	Not implemented	Overtaken by events
<b>Total</b>	<b>15</b>	<b>6</b>	<b>–</b>	<b>1</b>
Percentage	68	27	–	5

Source: Board of Auditors.

### 2. Financial overview

#### *Financial performance*

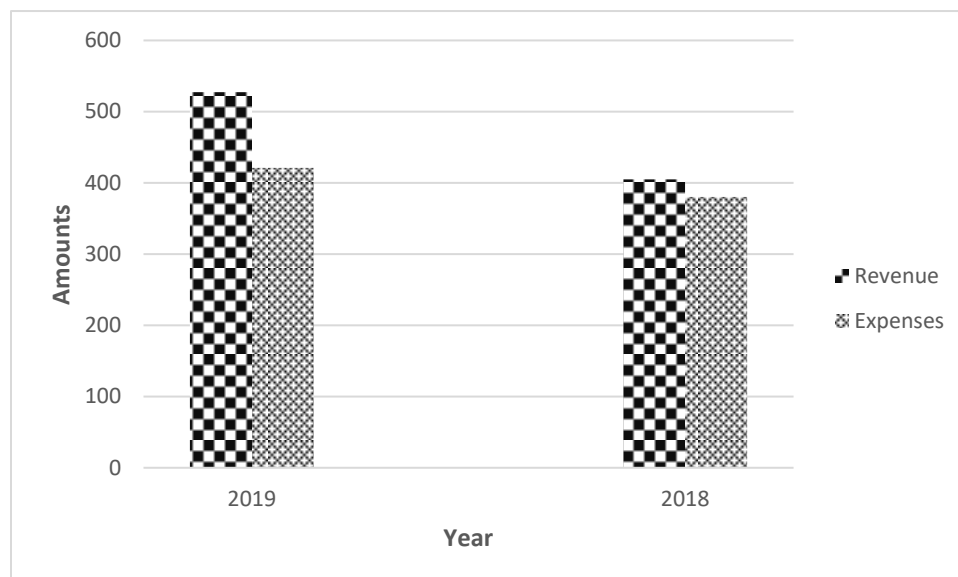
8. Total revenue during the year under review was \$527.40 million (2018: \$404.72 million), against total expenses of \$420.89 million (2018: \$380.26 million), resulting in a surplus for the year of \$106.51 million (2018: surplus of \$24.46 million). The recorded surplus resulted from an increase in revenue from voluntary contributions totalling \$510.56 million (2018: \$392.33 million). The investment revenue was \$12.83 million (2018: \$9.62 million), and other revenue was \$3.86 million (2018: \$2.16 million).

9. Compared with 2018, total expenses in 2019 rose by 10.68 per cent in 2019, a result of employee benefits, totalling \$141.83 million (2018: \$126.58 million); the implementation of projects, specifically workshops and training, totalling \$42.51million (2018: \$32.03 million); and contractual services with individuals,



totalling \$82.62 million (2018: \$69.75 million). A comparison of revenue and expenses for the financial years 2018 and 2019 is illustrated in figure II.I.

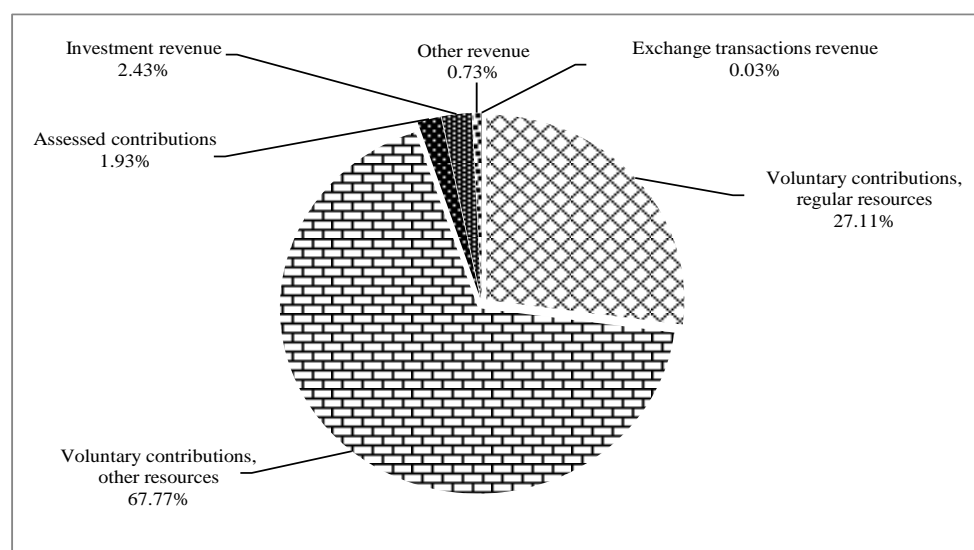
**Figure II.I**  
**Financial performance pattern for 2018 and 2019**



Source: Board analysis of UN-Women financial statements for 2019.

10. Voluntary contributions form a major part of UN-Women revenues. Of the reported revenue of \$527.40 million (2018: \$404.72 million), the voluntary contributions amounted to \$500.39 million (2018: \$384.30 million), representing the largest part of the revenue (94.88 per cent of total revenue). Figure II.II illustrates the sources of revenue for 2019.

**Figure II.II**  
**Revenue by source in 2019**



Source: Board analysis of UN-Women financial statements for 2019.

### *Financial position*

11. UN-Women had total assets of \$657.52 million, total liabilities of \$143.35 million and total net assets of \$514.17 million. Of its total assets, \$390.89 million, equivalent to 59.45 per cent, represented balances in cash and cash equivalents and short-term investments. Current assets amounted to \$468.20 million against current liabilities of \$48.16 million, resulting in net current assets of \$420.04 million. The significant excess of current assets over current liabilities demonstrates good short-term financial strength.

12. In 2019, cash and cash equivalents were \$145.36 million (2018: \$57.30 million), reaching an increment of 153.68 per cent, owing to the classification of part of cash in bank accounts and cash equivalents as investments.

13. Table II.2 contains key financial ratios derived from the financial statements, mainly from the statements of financial position.

Table II.2  
**Ratio analysis**

<i>Description of ratio</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Current ratio<sup>a</sup></b>		
Current assets: current liabilities	9.72	6.60
<b>Total assets: total liabilities<sup>b</sup></b>		
Assets: liabilities	4.59	4.23
<b>Cash ratio<sup>c</sup></b>		
Cash plus investments: current liabilities	8.12	5.42
<b>Quick ratio<sup>d</sup></b>		
Cash plus investments plus accounts receivable: current liabilities	8.70	5.80

*Source:* Board analysis of UN-Women financial statements as at 31 December 2019.

<sup>a</sup> A high ratio indicates an entity's ability to pay off its short-term liabilities.

<sup>b</sup> A high ratio is a good indicator of solvency.

<sup>c</sup> The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

<sup>d</sup> The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

14. In 2019, all ratios increased compared with those of the previous year, which indicates that UN-Women had a good liquidity position. The current assets of UN-Women as at 31 December 2019 were \$468.20 million, or 9.72 times the current liabilities of \$48.16 million, indicating the Entity's ability to meet its short-term obligations with its most liquid assets. The significant increase in current assets resulted from the increase in cash in money market accounts, term deposits and commercial paper. Similarly, total assets of \$657.52 million exceeded total liabilities of \$143.35 million, which indicates a healthy financial position.

15. The cash ratio increased, from 5.42 in 2018 to 8.12 in 2019, indicating that the current liabilities are covered by cash equivalents and invested funds, with a substantial increase of 153.71 per cent of cash and cash equivalents.

16. The quick ratio indicates that the short-term liabilities are covered in 2019 by 8.70 times the cash and short-term investments and accounts receivable, showing

more liquidity and solvency compared with 2018. All ratios indicate an increase in liquidity and solvency in 2019 compared with 2018.

### 3. Governance

#### *Non-formalized office categorization*

17. UN-Women has organized and implemented its mandate of achieving gender equality and the empowerment of women through a network of regional offices, multi-country offices, country offices, programme presence offices and liaison offices.

18. The internal organization operates through mandatory internal instructions and other, non-mandatory, internal instructions, such as guidance, in accordance with the policy, procedure and guidance framework.

19. The Board analysed the Entity's various office categories and noted changes in the categorization of offices in 2019 in comparison with 2018. For example, the multi-country office in Kazakhstan and the programme presence office in Turkey (Ankara) had each been changed to a country office.

20. The Board noted that the Entity had begun a change management initiative with the aim of strengthening the UN-Women regional architecture and country typology. The related policy and guidelines, which will accompany the initiative, will be promulgated to include clear criteria for the future establishment of offices.

21. The Board notes, however, that it is important that the specification of the categorization of each type of office in the UN-Women system be clearly established. In addition, an accurate and up-to-date registry of all offices must be maintained to support effective monitoring and governance, considering that the absence of a clear definition of the types of offices could lead to ambiguities in the roles and responsibilities of each office, which could make the effective and efficient operation and monitoring of UN-Women unachievable.

**22. The Board recommends that UN-Women formalize the categorization of its offices, establishing the definition of the functional set-up of each presence type, including minimum functions, positions and resources for both resident and non-resident modalities, as well as the various types of services to be provided. Furthermore, an accurate and updated registry of all offices should be maintained.**

23. UN-Women agreed with the recommendation.

### 4. Information systems and telecommunications

#### *Delays in the deprovisioning of user access in Atlas*

24. In section 5.2 of the standard on ICT access control and user account management (ITS-009), it is stipulated that the Information Systems and Telecommunications Section shall perform a revalidation of the access of all accounts that have not been used to obtain access to resources that they were intended to use and will disable accounts that have not been used in the past 180 days. The standard also indicates that a regular review of users in the systems should be carried out by the process owners upon inquiry with the Chief of Information Systems and Telecommunications Section.

25. Furthermore, in section 6.1 (b), of the Secretary-General's bulletin on the use of information and communication technology resources and data ([ST/SGB/2004/15](#)), it is stipulated that the Organization shall have the right to block or restrict access to any ICT resource or ICT data, at any time and without notice, when necessary for

maintaining or restoring the technical integrity or performance thereof or for any other appropriate purpose.

26. The Board observed that the Entity did not implement a review process.

27. In addition, during the review, the Board validated users' most recent access to the system and identified that 16 Atlas user accounts had not obtained access to the system in more than 180 days.

28. All user accounts identified by the Board have at least one profile assigned in the system. However, UN-Women has not changed the status of the identified accounts to locked.

29. Extended delays in disabling inactive user accounts expose UN-Women to the risk of unauthorized access to the system, which may compromise the integrity of the Entity's data. The Board is of the view that a regular review by process owners could help to identify and resolve anomalies in time. Such a review could also mitigate risks, in line with the standard on ICT access control and the user account management document.

**30. The Board recommends that UN-Women strengthen oversight of the service performed and the execution of the review, in accordance with the applicable standard on ICT access control and user account management (ITS-009), to ensure that all user accounts that remain dormant for 180 consecutive days are deactivated regularly and in a timely manner.**

31. UN-Women agreed with the recommendation and stated that steps are being taken to mitigate risks and address the recommendation by re-emphasizing to the United Nations Development Programme (UNDP) the importance of regular Atlas user account clean-up, which it needs to perform as the custodian of Atlas system management. UNDP, in turn, has taken action to ensure that the Atlas clean-up process is performed regularly.

## 5. Procurement management

### *Monitoring and evaluation of critical profile use*

32. In accordance with section 5.10 of the UN-Women internal control policy on the separation of duties (2018), standard Argus user profiles have been designed to segregate duties through the enforcement of the requirement that all personnel may have only one Atlas profile. However, certain staff members might need to have the profile of both the Project Manager and the Committing Officer, should they have to act as Project Manager during some transactions and Committing Officer during others.

33. In addition, section 5.10.4 of the policy stipulates that the Procurement Section shall run reports on a quarterly basis to monitor the use of the profiles and address any violations in the use of those authorities as appropriate.

34. The Board reviewed evidence of the monitoring of critical profile use for the third quarter of the financial year 2019. It analysed files of the six regional offices and whether there was adequate segregation of the users who approved the requisitions from those who approved the purchase orders.

35. The Board identified the following issues:

(a) In most offices, monitoring was not carried out on a quarterly basis, as established in the policy. The execution of the monitoring was made to the purchase orders contained in the documents as follows:

(i) Four offices provided the execution of the monitoring of critical profile use only for September 2019;

(ii) One office provided the execution of the monitoring of critical profile use from January to September 2019;

(iii) Only one office executed the evaluation of critical profile use in the corresponding quarter (from July to September 2019);

(b) There was no standardization of the evidence that was provided from the execution of the monitoring because the offices delivered the evidence in different formats. The Board observed that four offices provided only the report extracted directly from the Atlas system without performing an analysis of the segregation of the duties of the requisition approvers from those of the purchase order approvers. However, two offices provided the supporting file that showed the evaluation performed to ensure the participation of different users in the same purchase;

(c) Two of the six offices identified cases in which the segregation of duties in the authorization flow was not respected. Of those, only one provided supporting evidence of follow-up on the purchase orders to justify the identified situations without segregation of duties.

36. Furthermore, the Board observed that a guideline to generate the quarterly report on the review was missing.

37. In order to address a recommendation made in 2018 related to non-compliance with manual control to avoid the materialization of the risk of segregation of duties, the Entity needed to implement improvements. However, in October 2019, the Board detected that a standard for how to run and report the control did not exist because the Entity replaced the execution of manual monitoring of critical profiles of the system at the end of the audit year.

38. On 7 December 2019, UN-Women launched a system control in Atlas that prevented the same staff member from processing the approvals in the purchase order cycle. Therefore, there was no longer a risk of a violation of proper segregation of duties, nor may there be any infractions in the use of the authority by any user to approve both the purchase requisition and the purchase order for the same transaction.

39. The Board considers it essential that UN-Women update its policies, which should include all changes in the implementation and execution of the control of critical profiles and adequate segregation of duties, with the purpose of avoiding ambiguities.

**40. The Board recommends that UN-Women review and update its internal control policy in order to reflect that periodic manual monitoring of critical profile use has been replaced by a suitable configuration of automatic controls in the Atlas system.**

41. UN-Women agreed with the recommendation.

## **6. Programme and project management**

*Responsible parties' signature approvals of funding authorization and certificate of expenditure forms*

42. In section E.4.3.3 of the UN-Women policy on cash advances and other cash transfers to partners, it is stated that no funding authorization and certificate of expenditure forms will be processed without the appropriate signature from the designated responsible party official.

43. The Board reviewed a sample of funding authorization and certificate of expenditure forms from six projects executed by the UN-Women multi-country office in Fiji. The Board found that four projects did not have the relevant signatures in their respective funding authorization and certificate of expenditure forms.

44. The failure to process funding authorization and certificate of expenditure forms diligently with the appropriate signature from the designated responsible party official would not ensure the appropriate response to the internal accountability framework in the review of cash advances process. This would expose UN-Women to the risk of recording project expenditures that are not adequately supported and duly approved.

**45. The Board recommends that the UN-Women multi-country office in Fiji ensure that duly signed funding authorization and certificate of expenditure forms from responsible parties are accepted and processed in a timely manner, in compliance with the policy on cash advances and other cash transfers to partners by the corresponding responsible staff.**

46. The UN-Women multi-country office in Fiji accepted the recommendation.

*Non-compliance with the opportunity in the registration of accounts payable journal vouchers*

47. In accordance with section 4.4.2 of the UN-Women policy on cash advances and other cash transfers to partners, on the processing of the funding authorization and certificate of expenditure forms, the accounts payable journal entry shall be prepared and approved no later than 20 business days after receipt of the funding authorization and certificate of expenditure forms from the implementing partner and after the Project Manager has signed the document.

48. The Board reviewed the corresponding accounts payable journal entries prepared for the sample of six projects executed by the UN-Women multi-country office in Fiji. The Board compared the date on which the accounts payable journal entries were posted with the date of approval by the Project Manager indicated on the funding authorization and certificate of expenditure forms. The Board observed that:

(a) For one project, the accounts payable journal entries prepared to record the project expenditure were posted in the Atlas system between one and two days before the dates of review and signature by the Project Manager of the funding authorization and certificate of expenditure forms;

(b) For two other projects, there were marked delays in the preparation of accounts payable journal entries, with posting dates of 34 to 139 days after the 20-day maximum allowed for the processing of accounts payable journal entries, and the entries were not duly signed on the supporting funding authorization and certificate of expenditure forms.

49. The Board acknowledges the improvements made by the UN-Women multi-country office in Fiji in performing current controls to further promote operational effectiveness and efficiency in a difficult working environment. However, the multi-country office in Fiji should comply with the deadlines stipulated by the UN-Women policy and thus avoid possible accounting adjustments.

**50. The Board recommends that the UN-Women multi-country office in Fiji ensure the proper recording of project expenditures through the timely preparation and posting of the corresponding accounts payable journal vouchers, in accordance with the provisions of the UN-Women policy on cash advances and other cash transfers to partners in a reasonable and timely manner**

after the Project Manager has approved the funding authorization and certificate of expenditure forms.

51. The Board also recommends that the UN-Women multi-country office in Fiji ensure that duly authorized officials first sign the reviewed project expenditures and requests for advances to partners, which leads to the approval of the funding authorization and certificate of expenditure forms. Finally, the expenditure must be recorded appropriately in the accounting system.

52. The UN-Women multi-country office in Fiji accepted the recommendations. Furthermore, UN-Women stated that it had amended the policy on cash advances and other cash transfers to partners on 31 December 2019 to reflect a more realistic process, through which the period allowed between the receipt of the funding authorization and certificate of expenditure forms from the implementing partner and the preparation of the accounts payable journal entry was increased.

*Delayed processing of advance liquidations and recording of project expenditures*

53. In section 4.2.2 of the UN-Women policy on cash advances and other cash transfers to partners, it is mentioned that quarterly funding authorization and certificate of expenditure forms and project summary narratives will be prepared by partners and submitted to UN-Women to liquidate the previous advance and request for additional liquidation. Even if an advance is not requested, a funding authorization and certificate of expenditure forms shall still be prepared by the partner and collected by UN-Women every quarter in order to record project expenditures. In addition, six months is the maximum allowable liquidation period of an advance.

54. The Board analysed six projects processed by the multi-country office in Fiji. The Board compared the date on which the cash advance was granted with the date on which the advance liquidation and project expenditures from partners were recorded following the submission of funding authorization and certificate of expenditure forms.

55. The Board noted the following:

(a) Thirteen cases in which the advance liquidations through the funding authorization and certificate of expenditure forms submission were recorded beyond the six-month maximum allowable period;

(b) Twenty-nine cases in which the advance liquidations were recorded beyond the required quarterly reporting cycle.

56. The total of the above-mentioned cases of funding authorization and certificate of expenditure forms was 42. The Board identified up to 11 months in the accounting record since the previous funding authorization and certificate of expenditure forms.

57. In the Board's opinion, the UN-Women multi-country office in Fiji should ensure that the implementing partner submits the funding authorization and certificate of expenditure forms in a timely manner. UN-Women should identify, analyse, evaluate and manage the risk related to the programme delivery process. The returns of the implementing partners or responsible parties of funding authorization and certificate of expenditure forms should be made in a shorter period of time to avoid registering transactions in incorrect periods. In addition, UN-Women should establish controls, the frequency of their execution and supervision in accordance with business risk management.

58. The Board recommends that the UN-Women multi-country office in Fiji monitor the implementing partners or responsible parties closely so that funding authorization and certificate of expenditure forms are received on time, project

**expenditures are recorded appropriately and the monitoring role in their activities is fulfilled.**

59. The UN-Women multi-country office in Fiji agreed with the recommendation.

*Liquidations review*

60. In section 3, on the provisions of the UN-Women policy on cash advances and other cash transfers to partners, it is indicated that there is a risk that cash transferred to a partner may not be used as intended or reported in accordance with agreements and approved workplans.

61. In addition, in section 4.1 (a) of the above-mentioned UN-Women policy, it is stated that the funding authorization and certificate of expenditure forms replaces all other forms of financial reports used by government, intergovernmental organization and non-governmental organization partners for requesting funds and reporting expenditure. Expenditures are recorded in Atlas on the basis of the funding authorization and certificate of expenditure forms received from the partner and approved by the Project Manager of UN-Women.

62. The Project Manager is required to review the supporting original documentation of the expenditure, such as invoices and receipts, among others, with the submission of funding authorization and certificate of expenditure forms. The Operations Manager can, however, give an implementing partner an exemption (in writing) to provide copies rather than originals in exceptional circumstances, such as security risks. The policy also stipulates that, for the assessment criteria of partners, and to determine the sample size and selection criteria for the supporting documentation of the expenditure, the Operations Manager must assess the implementing partner or responsible party, using (a) criteria based on the existing or new partnership; (b) ageing advances older than 6 or 12 months; (c) risks assessments; and (d) the frequency of checks, which determines the percentage of review, varying among 5, 40 and 100 per cent.

63. Section 4.3 indicates that, upon receipt of the original expenditure documents, the UN-Women Project Manager should stamp, preferably with a UN-Women logo stamp, each receipt and invoice in order to ensure that they are marked as having been processed. The receipts and supporting documentation should then be returned by the Project Manager to the implementing partner for storage.

64. In section 4.4, it is noted that the funding authorization and certificate of expenditure forms should be submitted within 20 business days after the end of the quarter. The UN-Women Project Manager is responsible for ensuring that forms are received in a timely manner. Then, an accounts payable journal entry should be prepared and approved no later than 20 business days after the receipt from the partner of the funding authorization and certificate of expenditure forms and after the UN-Women Project Manager has signed them.

65. As part of the procedures for reviewing control over the liquidation of expenditures of the funding authorization and certificate of expenditure forms, the Board analysed a sample of nine liquidations with the aim of validating delays in the registration of the evidence that supports the liquidation, the reasonableness of the amounts in local currency that support the funding authorization and certificate of expenditure forms, and the authorization of the receipts by stamp. The Board found the following deficiencies:

(a) Two liquidations corresponding to two projects whose supporting documentation exceeded 12 months in comparison with its accounting record, and seven liquidations corresponding to three projects whose supporting documentation exceeded 6 months;



(b) Regarding the reasonableness of the amounts that support the funding authorization and certificate of expenditure forms, the balance amount between the revised evidence and the values in question were analysed. It was observed that the ratio of the total supporting documentation to the amount indicated in the respective accounting entries did not match with respect to the review method set out in the policy. Given that, it was not possible to find a review method that would support the differences between both parts of the documentation;

(c) Cases were observed in which the supporting evidence provided by the implementing partners or responsible parties was not duly authorized. There was no evidence that it was being reviewed or indicating the percentage that was accepted as a liquidation. For example, with regard to training, signed attendance lists; for purchases of goods, certificates of delivery of the products involved. There were amendments to ballots, vouchers and others that served as supporting documentation for liquidations and a lack of back-up evidence with the identification of a supplier or another third party to support the expense.

66. The Board is of the view that the UN-Women multi-country office in Fiji should record clearly in its evidence review the amount spent by the implementing partner or responsible party with regard to what is authorized and when and that the amount spent should match the provisions of the funding authorization and certificate of expenditure forms so that entity analysts or other reviewers may identify what is authorized or not in the supporting documents. Furthermore, there is a probable risk that the cash transferred in advance to the implementing partner or responsible party may not be used as intended or reported in accordance with the conditions stipulated in the agreements and approved workplans.

67. The Board observed that there were shortcomings at the time of validation of associated expenditures, such as a lack of adequate quality or reliability of the evidence supporting expenses. For example, expenditure receipts needed to include a third-party vendor, with the proper signatures and logos explicitly identifying the supplier.

68. In accordance with recent updates to the policy of UN-Women on cash advances and other cash transfers to partners, Project Managers should sign letters of confirmation for certification of expenditure using a corporate template indicating the percentage of the total expenditure sampled, in addition to submitting a list in Excel of all documents supporting the liquidation of funding authorization and certificate of expenditure forms. In addition, Project Managers need to continue to assess the quality and adequacy of supporting documentation and enter into discussions with a partner whenever a document is inadequate.

**69. The Board recommends that the UN-Women multi-country office in Fiji ensure that, in the process of reviewing supporting documentation for projects in execution, proper authorization and reliable information regarding the supporting receipts for the liquidation of an advance are obtained in a timely manner.**

70. The Entity agreed with the recommendation and stated that, because the UN-Women multi-country office in Fiji operates in various regions and in countries with varying degrees of sovereignty, a prescriptive standard of documentation is not always practicable when Project Managers assess the adequacy of supporting documents submitted by partners.

*Partner risk factor in the review of funding authorization and certificate of expenditure forms*

71. In section E.4.1.5 of the UN-Women policy on cash advances and other cash transfers to partners (2018), it is stipulated that, to determine the sample size and selection criteria for the supporting expenditure documentation, the Operations Manager should assess the implementing partner or responsible party using the following criteria: type of partnership (new or existing), outstanding advances, assessment and other risks or issues (described as previous issues with supporting documentation checks, programmatic delays and so on).

72. During the visit to the Turkey country office, the Board reviewed a sample of funding authorization and certificate of expenditure forms and receipts for several ongoing projects as at 31 December 2019. Each Project Manager reviewed the forms through samples. The determination of the samples is established in the policy on cash advances and other cash transfers to partners. In the process of reviewing the liquidations and advances sent by the implementing partner or responsible party to UN-Women, the Project Manager is responsible for receiving and reviewing the background of each liquidation and advance. Thereafter, the documents are sent to the finance area for its accounting record.

73. From the supporting information on the projects selected by the sample that it had analysed, the Board identified that there was an explanatory note on how the sample was determined from a review of the funding authorization and certificate of expenditure forms through spot check, in accordance with the steps of the policy on cash advances. Nevertheless, it was not possible to identify in the supporting evidence the information on how the determination of the sample was made, considering the risk assessment of the partner.

74. The Board recognizes the efforts of UN-Women to monitor the performance of each implementing partner and/or responsible party, including through risk-based capacity assessment and the requirement that a partner risk profile be assigned. However, in the Board's opinion, the Entity needs to comply with its own policy on funds transfers and formalize the process of determining the sample of the cash advance liquidation, considering in particular the partner's risk, with regard to reviewing the supporting documentation on expenditure.

**75. The Board recommends that UN-Women ensure that the risk factor of implementing partners is reflected in the process of reviewing a sample of expenditures through the funding authorization and certificate of expenditure forms.**

76. The Entity agreed with the recommendation and stated that, on 31 December 2019, UN-Women had promulgated a revised policy on cash advances and other cash transfers to partners. The new certification of expenditure provided that each Programme Manager for each liquidation of an advance liquidation report on the level of risk assessed at the time of reviewing and sampling the supporting documents provide evidence of the percentage of total expenses sampled and specify whether there were any risk mitigation actions to be taken. Training was provided on a region-by-region basis by the Financial Management Section for all programme and operations staff in early 2020. Furthermore, effective 1 February 2020, UN-Women had articulated a holistic partner selection, monitoring and management process in its policy and procedure guidance framework on the selection of programme partners. The risk-based capacity assessment process introduced is to be weighted on the basis of identified key partner capacity requirements and results in the creation of an overall risk profile for the partner.

77. The Board acknowledges the Entity's response. The implementation of the above-mentioned measures will be assessed during the next audit.

## 7. Human resources

### *Overtime authorization*

78. In accordance with the policy on overtime compensation, in which overtime is defined as the amount of time worked in excess of the scheduled workday or workweek, or during any of the United Nations official holidays, overtime is payable to General Service staff members with permanent, continuing or fixed-term appointments, governed by the Staff Regulations and Rules of the United Nations.

79. In paragraph 17 of the above-mentioned policy, it is specified that all overtime work must be authorized in advance, and the availability of funds must be certified.

80. The Board reviewed a sample of eight General Service staff members with regard to overtime compensation. The Board verified whether the overtime request forms for all of 2019 were authorized in advance of the overtime worked by the staff members, as is stipulated in the policy. Of 37 overtime request forms reviewed, the Board identified that 15 had received signed authorization after the effective completion of overtime, meaning that 41 per cent of the request forms were submitted with delays. In addition, it was found that, in some of the above-mentioned cases, even the date of the request fell after the overtime hours had been worked.

81. At UN-Women, overtime can be compensated through time off, often a preferred option when funding is scarce. The Entity has confirmed that there is always verbal or email preauthorization from the supervisor approving the overtime before any forms are filled out and submitted.

82. However, the Board considers it necessary that the head of the organizational unit authorize overtime before it is worked, whether compensation is provided through time off or payment. UN-Women can thereby corroborate the request and determine whether the Entity has the necessary funds available to pay for overtime.

**83. The Board recommends that, in accordance with the policy on overtime compensation, UN-Women ensure that the overtime request form or any other means reflects accurately and reliably that all overtime work has been authorized in advance and, in the case of use of funds, that their availability has been certified.**

84. UN-Women agreed with the recommendation and stated that the need for overtime is a result of the exigencies of service, whereby the manager, the Committing Officer or the budget owner calls upon the staff, with advance notice except in force majeure situations, when such notice is not possible, to work overtime. However, the Entity will take the steps necessary to further clarify and streamline the overtime approval process.

## 8. Travel management

### *Non-compliance with travel policy*

85. In accordance with section 1.12.14 of the UN-Women policy on duty travel, "travel advance" shall mean the estimated daily subsistence allowance and terminal expenses for each duly approved travel on official duty. In cases of deviation from the approved itinerary that have monetary implications, the advance is subject to review against the travel claim, and any necessary adjustments are made at the time that the travel claim is settled.

86. The advance is paid to staff members on official travel and to non-staff members when the trip is organized and funded by UN-Women. The advance is subject to review against the travel expense claim (form F-10).

87. In addition, in section 5.0.1 of the aforementioned policy, it is stated that the travel claim is a post-travel settlement document that the traveller is required to submit within 30 calendar days from completion of travel and that the traveller is responsible for submitting the claim with the required documentation, ensuring its accuracy and timeliness.

88. In section 5.0.9 of the policy, it is stated that, if staff members fail to submit claims for two consecutive missions within 60 days of the completion of their mission, no further advances will be made to them until all of their outstanding claims are settled.

89. The Board reviewed a sample of 30 travel advances processed by the Turkey country office during the financial year 2019. The sample comprised 50 per cent of the total travel expenses. The Board observed that, in seven cases, the travel expense claims, totalling \$3,683, were submitted late.

90. The Board considers that non-compliance with timely travel expense claim submission could represent a control risk in the next process of travel advances and that no further advances should be provided to travellers until all of their pending claims are resolved.

91. On the other hand, a delay in submitting a travel claim does not allow the reflection of the liquidation of the travel advance in the Atlas system, in accordance with the accuracy and timeliness necessary, because the recognition of such an advance and any necessary adjustment should be recorded when the expense is accrued.

92. Reimbursement of travel expenses (through general ledger journal entry) to another UN-Women unit, department or office will be made after submission of the travel claim. Therefore, the claims must be liquidated in accordance with the time frame mentioned in the policy.

**93. The Board recommends that the Turkey country office implement a mechanism to avoid the late submission of travel expense claims and comply with the controls stated in the policy.**

94. The Entity agreed with the recommendation and indicated that the office had started to use an updated and stricter version of the travel tracking tool to ensure the timely submission of post-travel documents as of January 2020.

## **C. Disclosures by management**

### **1. Write-off of cash, receivables and property**

95. In accordance with regulation 21.1 of its financial regulations and rules, UN-Women informed the Board that losses of receivables were written off in the amount of \$52,931.

### **2. Ex gratia payments**

96. In accordance with regulation 20.6 of its financial regulations and rules, UN-Women informed the Board that no ex gratia payments had been paid in 2019.

### 3. Cases of fraud and presumptive fraud

97. In 2019, the Office of Internal Oversight Services (OIOS) of the United Nations completed investigations into two cases that had initially been categorized as presumptive fraud. However, following the investigations, no fraud was substantiated in the cases, and no financial recovery was due to the Organization.

98. As at 31 December 2019, OIOS had under investigation 10 cases involving allegations of presumptive fraud, including allegations of theft, bribery and other financial or procurement irregularities. One additional case, which had been closed by OIOS in 2019, was reopened in 2020 on the basis of new facts. It was under investigation as at 31 March 2020.

99. In the first quarter of 2019, the Office of Audit and Investigations of UNDP, the previous provider of investigative services to UN-Women, completed one investigation into allegations of presumptive fraud. However, no fraud was substantiated in the case, which had already been referred to in disclosures made by management in the Entity's financial report and audited financial statements for the year ended 31 December 2018.<sup>1</sup>

100. UN-Women informed the Board that the above-mentioned information is provided on the understanding that fraud and presumptive fraud cases are those with a potential financial impact relating to procurement fraud, theft and embezzlement and entitlements fraud.

### D. Acknowledgement

101. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and her staff.

(Signed) Kay **Scheller**  
President of the German Federal Court of Auditors  
Chair of the Board of Auditors

(Signed) Jorge **Bermúdez**  
Comptroller General of the Republic of Chile  
(Lead Auditor)

(Signed) Rajiv **Mehrishi**  
Comptroller and Auditor General of India

21 July 2020

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<sup>1</sup> United Nations Entity for Gender Equality and the Empowerment of Women financial report and audited financial statements for the year ended 31 December 2018 and report of the Board of Auditors (A/74/5/Add.12), para. 71.

## Annex

## Status of implementation of recommendations up to the year ended 31 December 2018

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
1	2016	<a href="#">A/72/5/Add.12</a> , chap. II	42	UN-Women agreed with the Board's recommendation that it: (a) ensure that the selection of implementing partners is strengthened and the requirements of the programme and operational manual regarding the selection process are adhered to; and (b) perform partner risk rating to identify the score for each implementing partner against the tolerable risk levels.	The procedure for selecting programme partners has been officially promulgated in line with the UN-Women policy, procedure and guidance framework. To address the Board's recommendation, the process of selecting the implementing partner was updated and strengthened in the programme and operational manual. In addition, in the update of the policy, the evaluation of the partner's risk rating was included, which is involved in the procedure for selecting programme partners.	The Board noted that the procedure for selecting programme partners has been officially promulgated in line with the UN-Women policy, procedure and guidance framework. Therefore, the Board considers this recommendation <b>implemented</b> .	X			
2	2016	<a href="#">A/72/5/Add.12</a> , chap. II	58	The Board recommends that UN-Women: (a) expedite the development of policy and guidelines that clearly define the rationale for the establishment of programme presences and the management of programme and field presences; and (b) develop business cases for the already established programme and field presences so as to suit the current needs and situation.	UN-Women is in the process of defining the functional set-up of each presence type, including minimum functions, positions and resources for both resident and non-resident modalities, as well as a menu of services for each, which is ongoing and approaching its completion. The work is currently in the final round of consultations before it will be finalized and formalized into guidance as part of a presence management	The Board noted there had been no changes made since October 2019; the draft of the strategy for the development of the typology was presented. Also, it was not verified whether there was an approved final version. In this context, the recommendation is considered <b>under implementation</b> .		X		

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
3	2016	<a href="#">A/72/5/Add.12</a> chap. II	81	UN-Women agreed with the Board's recommendation that it: (a) consider the use of the implementing agent code in the chart of accounts for Atlas to enhance efficiency and effectiveness; (b) work closely with the global auditors to review the audit process to ensure that project audit reports are submitted in a timely manner; and (c) enhance the capacity of the Audit Coordination Unit to ensure that it supports effectively the oversight function in the organization.	policy. Work to define a policy for the establishment and management of all presence types (including programme presences) is under way and expected to be completed in the second quarter of 2020.  The Audit Coordination Unit has been relocated from the Management and Administration Division to the Strategy, Planning, Resources and Development Effectiveness Division. UN-Women is in the process of reviewing and assessing the capacity of the unit in relation to its roles and responsibilities.	In accordance with the Board's analysis, recommendations (a) and (b) are implemented. However, recommendation (c) is still ongoing. Therefore, the Board considers recommendation (c) to be <b>under implementation</b> .		X		
4	2017	<a href="#">A/73/5/Add.12</a> , chap. II	17	UN-Women agreed with the Board recommendation to: (a) continue with its efforts to ensure that field offices comply with the fraud risk assessment plan developed at its headquarters, and perform fraud risk assessments that will enable management to focus on mitigating actions designed to prevent and detect instances of fraud; and (b) continue to provide adequate awareness training for staff on fraud risk assessment to ensure that the	The roll-out of individual fraud risk assessments for each risk unit process is in line with the agreed upon organizational plan. On 10 October, the new inter-agency anti-fraud e-course was formally launched. The course was developed jointly by UNDP, the United Nations Capital Development Fund, UN-Women and the United Nations Population Fund (UNFPA) as part of their ongoing commitment to	The Board reviewed the evidence and selected a sample according to the file tracking sheet on fraud awareness training with the purpose of proving whether the training had been carried out. The Board did not detect any issues, therefore, the recommendation is considered <b>implemented</b> .	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
				approach and methodology are aligned with best practices.	enhancing awareness and adequately addressing potential instances of fraud and corruption. All staff have been encouraged to complete the e-course by the end of 2019. Such efforts, in addition to the targeted training of focal points, are intended to ensure that the fraud risk assessments are adequately completed.					
5	2017	<a href="#">A/73/5/Add.12</a> , chap. II	27	UN-Women agreed with the Board recommendation to improve the link between the Results Management System tool and the Atlas system so that the information in the Results Management System is up-to-date in order to facilitate timely and accurate decision-making.	UN-Women is in the process of implementing the ICT project to include necessary adjustments in the Results Management System to improve linkages with Atlas. Through the project, the fundamental issues associated with the manual mapping that caused the data inconsistencies between the two systems will be addressed.	The Board verified that the work was in progress in 2019. The Entity indicated that it expected the Results Management System to be updated on a short-term basis, which would improve the link between the Results Management System and Atlas, allowing there to be updated information in the Results Management System in the annual reports module. For 2019, no changes were made in the status of the implementation of the recommendation. Therefore, this recommendation is considered <b>under implementation</b> .		X		



No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
6	2017	<a href="#">A/73/5/Add.12</a> , chap. II	31	UN-Women agreed with the Board recommendation to expedite the review of its grants modality in the programme and operational manual in order to provide more clarity on grants management.	UN-Women finalized the process of developing a small grant policy, which was created inside the current programme and operational manual to provide more guidance on the management of grants.	At the end of 2019, UN-Women submitted the promulgation of a small grant policy and procedure in the policy, procedure and guidance portal. Therefore, this recommendation is <b>considered implemented</b> .	X			
7	2017	<a href="#">A/73/5/Add.12</a> , chap. II	36	The Board recommends that UN-Women: (a) strengthen its compliance with the implementing partners selection process and ensure that its field offices conduct capacity assessment of implementing partners in a proper manner, in accordance with the requirements of the programme and operations manual; and (b) perform partner risk rating to identify the score for each implementing partner against the tolerable risk levels.	UN-Women developed a more comprehensive implementing partners' and responsible parties' due diligence procedure, to be supported by a partner and grant agreement management system that will enhance compliance with the prescribed partner selection process. The comprehensive new procedure requires that proper risk assessment of potential partners be performed with a risk rating assigned to identify the score for each partner evaluated.	At the end of 2019, UN-Women submitted the promulgation of a small grant policy and procedure in the policy, procedure and guidance portal. Therefore, this recommendation is <b>considered implemented</b> .	X			
8	2017	<a href="#">A/73/5/Add.12</a> , chap. II	43	UN-Women agreed with the Board recommendation to: (a) work closely with the global auditors to review the audit process in order to ensure that project audit reports are submitted on time; and (b) strengthen accountability in field offices for the assessment and	UN-Women is exploring the audit implementation by monitoring systems being used by other agencies such as UNFPA to streamline its current monitoring system. The enhanced system would provide data to be used as key performance indicators in the country office	The Board verified the provided evidence of the creation of key performance indicators related to the implementation of audit recommendations as part of the country	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
				monitoring of implementing partners by endeavouring to include key performance indicators for the implementation of audit recommendations on financial findings as part of the country office assessment tool.	assessment tool. UN-Women is in the process of reviewing the various audit assurances currently being used and integrating some of them. The review is based on risk management and value for money perspectives, in particular the value addition of non-governmental organizations.	office assessment tool, which includes the results of key performance indicators obtained during 2019. Therefore, this recommendation is considered <b>implemented</b> .				
9	2017	<a href="#">A/73/5/Add.12</a> , chap. II	44	The Board further recommends that UN-Women: (a) ensure that conclusive assessments of the prior year's qualified audit report financial findings are conducted to determine the causes and prevent recurrence of the weaknesses identified; and (b) consider introducing policies that address weaknesses in project management that lead to ineligible expenditure and that guide the administration on proper accounting for ineligible expenditure in prior years to avoid potential misstatements in the financial statements.	UN-Women has drafted the procedure for the resolution of audit recommendations arising from project partner audits. This procedure is currently under quality assurance review prior to promulgation.	There is a delay in meeting the deadline for the implementation of this recommendation (fourth quarter of 2019). Regarding recommendation (a), UN-Women has initiated the analysis of prior years' findings to identify recurrent findings, trends and common weaknesses across the portfolio of projects audited in prior years, as well as to highlight the particular regions and country offices that have been the subject of recurrent audit qualifications. In addition, the results will be built into operational monitoring and review processes to		X		

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
10	2017	<a href="#">A/73/5/Add.12</a> , chap. II	57	The Board recommends that after a feasibility assessment, UN-Women consider establishing a global individual consultants monitoring tool to record key details on the hiring of consultants, including such information as analysis of total hiring cost, performance measurement and supervisor's comments at every stage of the assignment, based on the agreements made with each individual consultant.	UN-Women has analysed the recommendation for the establishment of a global individual consultant monitoring tool and the impact on internal business processes. UN-Women has reviewed solutions in place in other United Nations agencies for a harmonized approach. UN-Women is now reviewing the current systems and processes in place, as well as those in the pipeline, to see how the recommendation could be addressed by leveraging what is already in place in order to reduce efforts and the financial burden on the organization.	<p>be leveraged for further partner capacity-building. Regarding recommendation (b), the Entity analyses policies to address weaknesses, as well as the accounting of non-eligible expenses.</p> <p>In the meantime, this recommendation is considered <b>under implementation</b>.</p> <p>The Board verified that the Entity implemented the recommendation during the fourth quarter of 2019 through the establishment of a global monitoring tool for individual consultants. After conducting an analysis of requirements and a feasibility study, UN-Women will report on the next steps to be taken.</p> <p>The gaps in consultant monitoring have been addressed by enhancing the personnel validation system. The enhancements were</p>	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
						rolled out, the end users were trained and the training materials and intranet page were updated accordingly. Therefore, this recommendation is considered <b>implemented</b> .				
11	2018	<a href="#">A/74/5/Add.12</a> , chap. II	20	The Board recommends that UN-Women establish a dashboard or system to ascertain the difficulties that country offices face in complying with the regulations on procurement plans, with a view to identifying improvements that could be made to this oversight mechanism, including with respect to communication and coordination, and evaluating its impact on the efficiency of the purchasing process.	UN-Women established a dashboard available in OneApp that offers live data and effectively monitors the conformity of field offices' purchase orders with their procurement plans. The quarterly list of offices that must still submit their procurement plan is circulated as a reminder. This is to enhance the oversight mechanism already in place that ensures compliance with the UN-Women policy on contract and procurement management.	The Board noted that UN-Women implemented a dashboard with the aim of monitoring compliance with the regulations on procurement plans. Therefore, this recommendation is considered <b>implemented</b> .	X			
12	2018	<a href="#">A/74/5/Add.12</a> , chap. II	21	The Board recommends that UN-Women consider establishing, at the programme formulation stage, obligatory reporting on the procurement plans of projects that are executed under programmes.	UN-Women has drafted a project document (ProDoc) template and a Project Appraisal Committee checklist to include a project procurement plan. The draft template is undergoing final consultations and changes before the template and checklist will be submitted for promulgation.	The Board acknowledges the progress made with regard to this recommendation and the draft versions of the documentation that guides it. Therefore, thus far, this recommendation is considered <b>under implementation</b> .		X		

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
13	2018	<a href="#">A/74/5/Add.12</a> , chap. II	29	The Board recommends that the Americas and the Caribbean Regional Office comply with timely Atlas purchase order clean-up processes as established in the finance manual and standard operating procedures.	UN-Women noted the 7 of 12 months in 2019 when the purchase order clean-up process was performed after the deadline. In three of the seven months, the twenty-sixth day fell on the weekend. UN-Women performed the control immediately after the weekend, with only one to four days of delay. UN-Women has diligently made its best efforts to carry out, as feasible in the existing situation, the necessary timely compliance with purchase order clean-up and considers that there is minimal risk associated with the slight delays in performing the control. There is no deliberate non-compliance. Therefore, no further action needs to be taken on this recommendation.	The Board is of the view that the clean-up process is not performed in a timely manner, as indicated in the finance manual and standard operating procedures. Therefore, the Board considers this recommendation to be <b>under implementation</b> .		X		
14	2018	<a href="#">A/74/5/Add.12</a> , chap. II	40	The Board recommends that the Americas and the Caribbean Regional Office and the Mexico country office comply with the control established in the internal control policy of UN-Women and that the Procurement Section run reports every quarter to monitor the use of profiles and address any infractions in the use of these authorities, as appropriate.	A system control is now in place in Atlas that prevents the same staff member from approving the purchase requisition and the associated purchase order of a transaction. Accordingly, the system-embedded control efficiently and effectively replaces the requirement for retroactive manual monitoring.	Initially, the evidence provided did not allow verification of the execution of monitoring control of the use of the Project Manager and the Committing Officer profiles. Nonetheless, the Entity launched a system control in Atlas that prevents the same staff member from			X	

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
15	2018	<a href="#">A/74/S/Add.12</a> , chap. II	41	The Board recommends that UN-Women assess options for preventive controls in order to avoid the creation and approval of transactions by the same staff member.	UN-Women assessed options for preventive controls to avoid the creation and approval of transactions by the same staff member and wishes to clarify that such a control is in place. A system control in Atlas does not allow the creation and approval of transactions by the same staff member or the creation and approval of both requisition and purchase order for the same transaction. The system control has been moved and adapted to the production environment of Atlas.	processing the approvals in the purchase order cycle. Thus, the execution of manual monitoring control does not apply. Because of the aforementioned points, this recommendation is considered <b>overtaken by events</b> .  The Board obtained evidence of the implementation of the automatic control in the Atlas system, which avoids issues related to segregation of duties. Therefore, this recommendation is considered <b>implemented</b> .	X			
16	2018	<a href="#">A/74/S/Add.12</a> , chap. II	45	The Board recommends that the Mexico country office ensure that the asset in-service report shows exactly where assets are located.	The Mexico country office, as part of the midyear mandatory asset verification, has reviewed 100 per cent of the assets as a result of the office's relocation to new facilities, and all items are now identified correctly. All assets exceed \$1,000.	The Board reviewed the Asset Manager's report and the certifications of the stock count performed by UN-Women, as well as the signature of the person in charge of the procedure.	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
17	2018	<a href="#">A/74/5/Add.12</a> , chap. II	49	The Board recommends that the Mexico country office use a more durable and visible asset tag. The office should ensure that the asset tag contains the same asset information as the asset management module in Atlas.	The Mexico country office established a new tagging system using the creation of a unique Quick Response Code for each asset, with a real-time asset movement control to allow the asset focal point efficient follow-up. The material used is stronger and the tags are more durable. Evidence was provided at the midyear asset certification, in July 2019. Information technology equipment is now located in a locked storage area.	Therefore, this recommendation is considered <b>implemented</b> .  The Entity sent evidence that accounts for the new tagging system used, in this case, the Quick Response Code, which contains the same information registered in Atlas for that asset, complying with the required procedure. The Board considers this recommendation <b>implemented</b> .	X			
18	2018	<a href="#">A/74/5/Add.12</a> , chap. II	53	The Board recommends that the Americas and the Caribbean Regional Office update the list of non-capital assets.	The UN-Women Americas and the Caribbean Regional Office updated and approved its list of non-capital assets. The non-capital assets in the programme presence offices have been updated.	The regional office provided the inventory reports of non-capitalizable assets (between \$500 and \$1,000). They included asset name, tag number, asset category, asset model, serial number, asset description, total amount in United States dollars, vendor, supplier, status, asset location and custodian. Therefore, this recommendation is considered <b>implemented</b> .	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
19	2018	<a href="#">A/74/5/Add.12</a> , chap. II	54	The Board recommends that the Americas and the Caribbean Regional Office implement a mechanism to identify assets by location to expedite supervision and control of non-capital assets.	The UN-Women Americas and the Caribbean Regional Office, in updating its list of non-capital assets, instituted a coding system that references the location of each item to facilitate monitoring and control over non-capital assets. The same system has been put in place for the programme presence offices' non-capital assets list.	The UN-Women Americas and the Caribbean Regional Office implemented a mechanism to identify the assets by location to expedite supervision and control over the non-capital assets. The regional office informed the Board that it had updated its list of non-capital assets, instituted a coding system that references the location of each item and established a person in charge responsible for maintaining the list. In conclusion, the recommendation is <b>implemented</b> .	X			
20	2018	<a href="#">A/74/5/Add.12</a> , chap. II	59	The Board recommends that the Mexico country office improve the processing timelines of the funding authorization and certificate of expenditure forms.	The UN-Women Americas and the Caribbean Regional Office and the Finance Section have jointly provided training to the office staff (Project Managers as a priority) and trained them to conduct training for partners. The Mexico country office is calendarizing the due dates with the partners in order to comply with the processing time of 10 business days.	The Board confirmed that the approval of the funding authorization and certificate of expenditure forms takes place in order to comply with the processing time of 10 business days between the receipt of the forms and the approval and signature of the Project Manager. Therefore, the Board	X			



No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
21	2018	<a href="#">A/74/5/Add.12</a> , chap. II	60	The Board recommends that the Mexico country office strengthen the training process of the implementing partners, with a focus on the processing of the funding authorization and certificate of expenditure forms.	The UN-Women Americas and the Caribbean Regional Office and the Finance Section have jointly provided training to the office staff on how to conduct training for the partners on the funding authorization and certificate of expenditure forms and supporting documentation. For future partners, the Mexico country office has established an initial training process, with a focus on understanding all UN-Women financial and accounting concepts.	can state that this recommendation is <b>implemented</b> .  The Board reviewed the evidence of training of implementing partners, with a focus on the processing of the funding authorization and certificate of expenditure forms. The Board analysed the topics on the proper completion of the funding authorization and certificate of expenditure forms and the provision of supporting documentation. The Mexico country office reinforced this with additional training for its current implementing partners and responsible parties to further clarify the importance and responsibility of each party after the comments are received from the partners. Consequently, this recommendation is considered <b>implemented</b> .	X			

No.	Audit report year	Report reference	Paragraph No.	Recommendation of the Board	Response of UN-Women	Assessment of the Board	Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
22	2018	<a href="#">A/74/5/Add.12</a> , chap. II	64	The Board recommends that UN-Women, when conducting assurance on the liquidation of advances to partners, determine a standard review format in order to ensure the validity of the selection process, while documenting any exceptions that could arise from the review.	UN-Women is revising the policy on cash advances and cash transfers to include evidence of the sampling and review and any exceptions and remedial actions taken. Comments from stakeholders are pending prior to promulgation.	UN-Women officially promulgated an update of the policy on cash advances and other cash transfers to partners, including a revision of the processing days for funding authorization and certificate of expenditure forms and guidance (partner advance clearing sheet). This recommendation is considered <b>implemented</b> .	X			
<b>Total</b>						<b>22</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>1</b>
<b>Percentage</b>						<b>100</b>	<b>68</b>	<b>27</b>	<b>0</b>	<b>5</b>

## Chapter III

### Certification of the financial statements

#### **Letter dated 30 April 2020 from the Director of the Division of Management and Administration and Officer-in-Charge of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors**

Pursuant to financial rule 1201, I certify that, to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements for the year ended 31 December 2019.

I acknowledge that:

The management is responsible for the integrity and objectivity of the financial information included in these financial statements;

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and include certain amounts that are based on the management's best estimates and judgments;

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. The internal auditors continually review the accounting and control systems;

The management provided the internal auditor with full and free access to all accounting and financial records.

The recommendations of the Board of Auditors and internal auditors are reviewed by the management. Internal control procedures have been revised or are in the process of revision, as appropriate, in response to those recommendations.

I am in receipt of a letter of certification from the Chief Finance Officer, Bureau of Management, United Nations Development Programme (UNDP), which provides the same assurances with respect to UNDP accounting procedures and related systems of control to the extent that services are provided by UNDP to UN-Women, in accordance with the service level agreements currently in force.

*(Signed)* Donna **Grimwade**  
Director, Division of Management and Administration  
Officer-in-Charge, United Nations Entity for Gender Equality  
and the Empowerment of Women

## Chapter IV

### Financial report for the year ended 31 December 2019

#### A. Introduction

1. The Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has the honour to submit the financial report for the year ending 31 December 2019, together with the audited financial statements and the report of the Board of Auditors. This submission is made in compliance with regulations 12.1 and 26.2 of the financial regulations and rules of UN-Women. The annual financial statements cover all the resources for which the Executive Director is responsible.

2. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and were transmitted to the Board of Auditors on 30 April 2020. The Advisory Committee on Administrative and Budgetary Questions has received the financial statements of UN-Women for 2019, as required by financial rule 1202. The Board of Auditors has given its opinion and report on the 2019 financial statements, both of which are also submitted to members of the Executive Board.

3. The achievement of gender equality, the empowerment of women and girls and the realization of their human rights are objectives in themselves as well as prerequisites and drivers for sustainable development, peace and security and human rights and humanitarian action. UN-Women has completed its ninth year of operating as a composite entity since its creation by the General Assembly in resolution [64/289](#). The Assembly, the Economic and Social Council and the Commission on the Status of Women provide guidance for the normative support functions of UN-Women; the Assembly, the Council and the Executive Board of UN-Women provide guidance for its operational activities.

#### B. Resource mobilization and funding status

4. In 2019, UN-Women achieved its largest-ever total revenue since the creation of the organization, \$527.4 million (2018: \$404.7 million), giving a strong impetus to the second year of the implementation of the UN-Women strategic plan 2018–2021 and for the first time reaching and exceeding its \$500 million goal.

5. UN-Women is funded mainly by voluntary contributions (98.0 per cent in 2019), comprising regular resources and other resources to finance its operational activities. Assessed contributions (2.0 per cent in 2019) are received from the United Nations Secretariat to contribute to the normative support functions of UN-Women.

6. Income projections were articulated in the Entity's 2018–2019 integrated budget and were set at \$440 million: \$200 million for regular resources and \$240 million for other resources. Voluntary contributions in 2019 comprised \$143.0 million in regular resources (2018: \$149 million) and \$357.4 million in other resources (2018: \$235.3 million). While other resources exceeded the integrated budget, as endorsed by the Executive Board, by \$117.4 million, a funding gap remains, with a shortfall in regular resources of \$57.0 million, or 28.5 per cent of budgeted projections.

7. A total of 106 Governments contributed to UN-Women resources in 2019, providing 78 per cent of the total voluntary funding. The 15 largest government contributors in 2019 were the European Commission, Sweden, Norway, the United Kingdom of Great Britain and Northern Ireland, Finland, Switzerland, Japan,

Denmark, Canada, Australia, the United States of America, Germany, the Netherlands, Italy and the United Arab Emirates.

8. Private-sector revenue (corporations, foundations and individual donors) was \$37.2 million in 2019. Among the top private sector contributors were the Bill and Melinda Gates Foundation and BHP Billiton Foundation.

9. Contributions received through United Nations inter-organizational arrangements were \$72.7 million. The top three United Nations system contributors in 2019 were the Multi-Partner Trust Fund Office, which administers joint programme funds; the Peacebuilding Fund; and the United Nations Development Programme (UNDP).

10. Resource mobilization and fundraising activities are continuously intensified, guided by a strategic partnership and resource mobilization strategy that aims to: (a) deepen engagement with partners, including through the structured dialogue on financing, partner consultations, engagement in assessments such as the Multilateral Organization Performance Assessment Network and championing United Nations reform vehicles such as the Secretary-General's funding compact; (b) invest in growing private individual giving, through a strengthened national committee network; and (c) generate revenue from movements, events, advocacy campaigns and appeals, such as HeforShe and the 25-year review of the implementation of the Beijing Platform for Action, inter alia.

## **C. Major achievements, institution-building and progress on organizational effectiveness and efficiency in 2019**

### **1. Implementation of strategic priorities**

11. The year 2019 represented the second year of implementation of the UN-Women strategic plan 2018–2021 and its five outcome areas: (a) a comprehensive and dynamic set of global norms, policies and standards on gender equality and women's empowerment is strengthened and implemented; (b) women lead, participate in and benefit equally from governance systems; (c) women have income security, decent work and economic autonomy; (d) all women and girls live a life free from violence; (e) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and from humanitarian action.

12. Based on those priorities, UN-Women delivered programme support in 122 countries and territories in 2019 (2018: 107), with programme expenditures reaching a record \$326.1 million (2018: \$285.7 million), a 14 per cent increase from 2018. Expenditures in the field have increased by 98 per cent over the past five years. Fourteen per cent of the Entity's total programme expenditures were part of joint programmes, while gender equality remained the most common joint programming area.

13. UN-Women achieved positive results overall in 2019, the second year of its strategic plan 2018–2021. It achieved good performance for 72 per cent of all assessable strategic plan indicators, including 74 per cent of development results milestones at the output level.

14. UN-Women continued to play a central role in supporting Member States in strengthening global norms on gender equality and women's empowerment, engaging throughout 114 countries and territories (54 in 2018), a significant increase in the lead-up to the 25-year review of the implementation of the Beijing Platform for Action. The Entity provided policy analysis and strengthened partnerships across a range of intergovernmental processes. It assisted 118 countries (102 in 2019) in the

25-year review and appraisal of the implementation of the Beijing Platform for Action and mobilized Member States to submit reports, including supporting Kiribati and Myanmar in submitting their first-ever review reports. The actions taken resulted in a record 172 national reports received. In 2019, UN-Women convened 66 dialogues with non-governmental organizations, many linked to consultations on the 25-year review. It facilitated three separate regional youth consultations, in Africa, the Arab States and Latin America and the Caribbean, resulting in youth-specific outcome documents, including statements and reports discussed in broader multi-stakeholder consultations and intergovernmental regional reviews.

15. In 2019, UN-Women convened evidence-based dialogues with Member States and technical experts and provided substantive inputs, contributing to 43 per cent of General Assembly resolutions integrating gender perspectives. In all, 83 per cent of recommendations in the report of the Secretary-General on social protection systems, access to public services and sustainable infrastructure for gender equality and the empowerment of women and girls ([E/CN.6/2019/3](#)) – the priority theme of the sixty-third session of the Commission on the Status of Women – were reflected in the agreed conclusions. The Entity's technical support to Governments in preparing voluntary national reviews for the high-level political forum on sustainable development contributed to 74 per cent of them incorporating a gender perspective.

16. UN-Women continued to support the implementation of the Convention on the Elimination of All Forms of Discrimination against Women. In 2019, the Entity supported 94 per cent of United Nations country team reports to the Committee on the Elimination of Discrimination against Women (83 per cent in 2018).

17. In 2019, UN-Women, in collaboration with partners, contributed to major achievements towards gender equality and women's empowerment. Nine new national development strategies were supported to be gender-responsive. More than 150,000 women were supported by UN-Women to obtain access to legal aid. UN-Women contributed to the adoption of eight laws promoting gender balance in elections and decision-making bodies, and nearly 6,000 women from diverse backgrounds gained leadership skills with the Entity's support. With the Entity's support, 22 ministries of finance strengthened their gender analysis capacities, gender budget tracking and impact assessment, and 18 national women's machineries and 184 women's organizations enhanced their capacity to advocate and monitor gender-responsive plans and budgets. UN-Women helped to strengthen institutional mechanisms governing the production and use of gender statistics. Seven countries integrated gender statistics into their national statistics strategies in 2019, and nine countries improved coordination mechanisms, making decisions on gender data priorities more efficient and participatory.

18. UN-Women supported strengthening women's income security and economic autonomy by overcoming structural barriers and creating conditions under which 116,000 women were able to contribute to and benefit from sustainable development. In all, 24 legal, regulatory and policy frameworks on decent work for women and 18 on gender-responsive social protection systems were adopted. Thirteen countries conducted community activities on gender equality and respectful relationships and developed national curricula on gender and violence against women, and 13 new safe cities and safe public spaces partnerships were established.

19. UN-Women continued its efforts to increase women's engagement and leadership in peacebuilding and humanitarian response. References to women and peace and security were included in 61.2 per cent of resolutions and other key documents of the Security Council, and the number of civil society organizations and networks directly supported by UN-Women to engage in peace processes rose, from 417 in 2018 to 548. In all, 63 per cent of humanitarian needs overviews and response

plans demonstrated gender analysis, up from 45 per cent in 2018, and more than half a million women and girls benefited from Entity-supported humanitarian services.

20. Geographically, the highest level of expenditure continued to be in sub-Saharan Africa, followed by Asia and the Pacific and the Arab States. Thematically, work on peace and security and humanitarian action had the highest expenditure, followed by work on ending violence against women. UN-Women continued to strengthen gender-responsive results-based management, as evidenced by further improvement in the “average quality” scores of strategic notes, which rose to 80 per cent in 2019.

21. UN-Women continued to lead, coordinate and promote the accountability of the United Nations system on gender equality and women’s empowerment in 2019. Sixty-eight United Nations entities reported under the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP 2.0), with 60 per cent meeting or exceeding requirements. It provided gender parity advice or technical support to 59 United Nations entities and 56 United Nations offices, including to implement the Enabling Environment Guidelines for the United Nations System to advance the Secretary-General’s system-wide strategy on gender parity. The number of United Nations Development Assistance Frameworks or United Nations Sustainable Development Cooperation Frameworks featuring gender-specific results at the outcome level rose to 72.3 per cent in 2019.

22. UN-Women continued to actively engage in the repositioning of the United Nations development system, ensuring that gender equality and women’s empowerment were positioned centrally in new and revised structures and processes supporting the 2030 Agenda for Sustainable Development. The structures and processes encompassed United Nations Development Assistance Framework guidance documents, gender equality markers and gender mainstreaming tools, as well as efforts towards gender parity. Early indications from a survey of UN-Women field offices suggest that reforms are influencing inter-agency collaboration and the Entity’s work positively. The Mutual Accountability Framework has significantly improved the role of resident coordinators in inter-agency collaboration and supporting efforts to achieve gender equality and women’s empowerment. Opportunities for UN-Women to engage with United Nations country teams have increased, including through joint advocacy and joint programming.

## **2. Organizational effectiveness and efficiency**

23. Organizational effectiveness and efficiency have continued to show significant progress. After nine years of operation, UN-Women continues to improve systems for performance management and reporting, financial accountability, audit, human resource management, risk management and operational infrastructure and has a strong, independent evaluation function. In 2019, it received an eighth consecutive unqualified audit report, confirming that the financial statements are in accordance with IPSAS and that transactions tested as part of the audit have in all significant respects been in accordance with the financial regulations and rules of UN-Women.

24. UN-Women continued its efforts to strengthen and expand partnerships for gender equality and women’s empowerment. The Entity ramped up support for civil society through focused funding and attention geared towards processes of the 25-year review of the implementation of the Beijing Declaration and Platform for Action, as well as the Generation Equality Forum. In 2019, the Entity supported 57 initiatives of Civil Society Advisory Groups and continued to engage strategically with men and boys and/or faith-based organizations in 24 countries. UN-Women prioritized youth engagement through broader consultations and mechanisms, including the Global Youth Task Force on the 25-year review of the implementation of the Beijing Declaration and Platform for Action.

25. The Entity's visibility in the media continued to increase, with 37,700 news articles mentioning UN-Women in 2019, representing a 14 per cent increase in media mentions from 2018. Social media reached 10.2 million followers in 2019, an increase of 24 per cent over 2018. HeForShe reached a growing audience of 2.3 million supporters (2.15 million in 2019) and continued to be an effective model to leverage the private sector for gender equality. The UN-Women website was visited by 5.6 million unique visitors in 2019, a 30 per cent increase from 2018. The Entity's 13 Goodwill Ambassadors continued to play a key role in advancing the agenda with diverse audiences.

26. UN-Women further enhanced the quality of its programmes in 2019, including through a new knowledge management strategy, enhanced knowledge production and sharing and strengthened capacity to plan and capture results, good practices and lessons learned. UN-Women continued to strengthen gender-responsive results-based management, evidenced in further improvement in the "average quality" scores of strategic notes, which rose to 80 per cent in 2019. In all, 68 per cent of Entity-managed evaluations were rated "good" or "very good", down from 88 per cent in 2018. The decrease is connected to changes in the global assessment methodology introduced in 2018, which raised quality standards. In 2019, UN-Women launched the She Innovates global programme, the second pilot initiative developed under the Global Innovation Coalition for Change, and strengthened its position as a knowledge hub for gender equality, including by facilitating South-South and triangular cooperation in 46 countries and launching two new flagship reports.

27. Throughout 2019, UN-Women continued to improve the management of human and financial resources. In 2019, The Entity brought critical support closer to its predominantly field-based workforce through the full decentralization of the human resources business partner function. Performance management was strengthened across the organization. Efforts continued towards the roll-out of the fraud risk management plan, and new cloud-based tools improved cybersecurity within the organization.

28. UN-Women witnessed steady progress in the timeliness of donor reports, improving from 68 per cent in 2018 to 73 per cent in 2019. In 2020, to expedite progress, corporate guidance on donor reporting will be updated to strengthen regional accountability and oversight.

29. UN-Women made significant progress in 2019 towards delivering more impactful results through a repositioned United Nations development system. It continued its change management process to become a more effective and efficient organization. Key decisions included a review of the Entity's field footprint to align it with available resources. At Headquarters, the portfolios of the Deputy Executive Directors were reviewed, and adjustments were made to break silos and reinforce the Entity's ability to leverage its triple mandate in an integrated manner.

### **3. Transparency and accountability**

30. At the midpoint of the current strategic plan, the Entity conducted a midterm review through a comprehensive review of independent evaluations and assessments, including the Multilateral Organization Performance Assessment Network 2017–2018 assessment of UN-Women, the "Meta-Synthesis of UN-Women: Evaluations – 2017/2018" and 2018–2019 results reports and performance of the Entity under the strategic plan 2018–2021, as well as internal and external consultations. The main findings, lessons learned and next steps, including recommendations for the strategic plan 2022–2025, can be found in the report of the Under-Secretary-General/Executive Director of the United Nations Entity for Gender Equality and the Empowerment of



Women on progress made on the Strategic Plan 2018–2021, including the midterm review of the Strategic Plan ([UNW/2020/2](#)).

31. The Results Management System allowed UN-Women to link results to resources, thereby improving the Entity's decision-making process with regard to resource allocations and expenditures. The Entity's International Aid Transparency Initiative score reached 85, up from 78 in 2018.

32. In 2019, the Independent Evaluation Service continued to be independent of the Entity's management operationally and in determining and reporting on the scope of its work. In addition, the Service launched a pilot implementation modality in which its staff assumed a greater role in leading strategic evaluations, and it completed the first Service-led pilot country portfolio evaluation.

33. The Independent Evaluation Service also revised the evaluation policy to improve its applicability and better reflect contextual changes in UN-Women and the United Nations system, including the establishment of the Independent Evaluation and Audit Services, the update of United Nations Evaluation Group norms and standards and the separation of evaluation management content to streamline the policy document.

34. Continuing the trend from previous years, steady progress was made in key areas against the evaluation key performance indicators. A total of 98 per cent of country and regional offices appointed at least one monitoring and evaluation officer or focal point, and 86 per cent of field offices completed at least one evaluation during the period 2015–2019. A total of 77 per cent of the planned evaluations were fully implemented. With regard to the 38 evaluations completed in 2019, 95 per cent of the evaluation reports were externally assessed as "fair and above". The increase in strategic evaluations reflect the Entity's continued commitment to evaluation at the decentralized level. In 2019, six country portfolio evaluations were completed, while seven had been initiated. The submission of management responses reached 95 per cent at the time of reporting, and the implementation of agreed management actions for evaluations completed in the previous year reached 85 per cent.

35. The Advisory Committee on Oversight reported to the Executive Board at its annual session in 2019 on the advice that it had provided to the Executive Director. The Committee contributes to the promotion of a culture of oversight. Its members assist the Executive Director in her oversight duties.

36. Internal audit engagements generally covered governance, risk management and controls in the selected offices or were related to the Entity's processes. In 2019, the Internal Audit Service conducted 13 internal audit and advisory engagements related to the 2019 audit plan, with all final reports issued by the end of February 2020. The overall audit conclusions were as follows: four were "satisfactory", four were "some improvement needed" and two were "major improvement needed", while the remaining three were advisory engagements, which used different assessment methodology.

37. The implementation rate of internal audit recommendations prior to those made in 2019 was 99 per cent. This is the fifth consecutive year in which the implementation rate of internal audit recommendations exceeded the corporate target, which demonstrates management's commitment to appropriate and timely action as and when improvements in governance, risk management and control processes are necessary. The annual overall opinion of the Internal Audit Service is that, based on the internal audit work performed in 2019, no significant weaknesses were identified in the Entity's governance, risk management and control processes that would seriously compromise the achievement of the Entity's strategic and operational objectives. The Service did identify some risks that require management attention.

However, the risks did not rise to a level of significance at the institutional level that would seriously compromise the Entity's achievement of its overall objectives.

#### **4. External audit recommendations**

38. The management of UN-Women is committed to taking action to implement the external audit recommendations issued by the Board of Auditors. During the financial year 2019, UN-Women completed actions on 11 of the 12 recommendations issued in 2018 by the Board. Of the 11 completed recommendations, 7 have already been assessed as implemented, and 4 are awaiting assessment by the Board. Only one recommendation is under implementation. Similarly, 9 of the 12 recommendations issued in 2017 have been assessed by the Board as implemented. UN-Women has completed actions for one recommendation, and two are under implementation. Lastly, only 2 of the 20 recommendations issued in 2016 are under implementation. All recommendations issued prior to 2015 have been implemented. The implementation rate for prior years' external audit recommendations is 32 per cent as at 31 December 2019.

### **D. Financial performance**

#### **Summary of financial results**

39. The main financial results for 2019 are summarized as follows:

(a) Total revenue reached \$527.4 million, an increase of 30.3 per cent from 2018. This is the highest contribution revenue generated by UN-Women since its inception, reaching and exceeding the \$500 million revenue target set in 2011;

(b) With regard to voluntary contributions revenue, 60 per cent of the top 20 Member State donors increased their contributions, and there was a 35 per cent increase in contributions from other non-government donors. In addition, funding received from the Spotlight Initiative of the European Commission represented 16.6 per cent of total other resources;

(c) Notwithstanding a significant increase in other resources of \$122.2 million, or 51.9 per cent, in 2019, regular resources decreased by \$6.1 million, or 4 per cent. The trend of a declining regular resources share of voluntary contributions presents a substantial challenge for UN-Women with regard to its ability to deliver on its triple mandate;

(d) Total assets increased by 21.4 per cent, to \$657.5 million, composed of increased cash and investments that accumulated as other resources contributions collected exceeded expenses paid in the financial year;

(e) Employee benefits liabilities increased by 21.6 per cent, to \$109.5 million, owing mainly to actuarial gains originating from a decrease in the discount rate to determine their net present value. The decrease, combined with funding set aside during the year, increased the funded portion of employee benefits liabilities to 75.7 per cent.

#### **Surplus**

40. As total revenue for UN-Women was \$527.4 million and total expenses were \$420.9 million, the Entity recorded a surplus of \$106.5 million for the year ended 31 December 2019, compared with a surplus of \$24.5 million for 2018. Other resources contributed \$105.4 million, or 98.9 per cent of the total surplus of \$106.5 million.

**Financial performance by funding source**

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2019</i>	<i>2018</i>
Total revenue	156 656	384 102	11 330	(24 686)	527 402	404 718
Total expenses	155 702	278 731	11 143	(24 686)	420 890	380 260
<b>Surplus/(deficit) for the year</b>	<b>954</b>	<b>105 371</b>	<b>187</b>	<b>–</b>	<b>106 512</b>	<b>24 458</b>

**Revenue**

41. The increase in voluntary contributions from donors in 2019 of \$116.1 million was represented by a decrease in regular resources of \$6.1 million and an increase in other resources of \$122.2 million. The increase in other resources was mainly a result of contributions from the European Commission, including the Spotlight Initiative, of \$84.4 million.

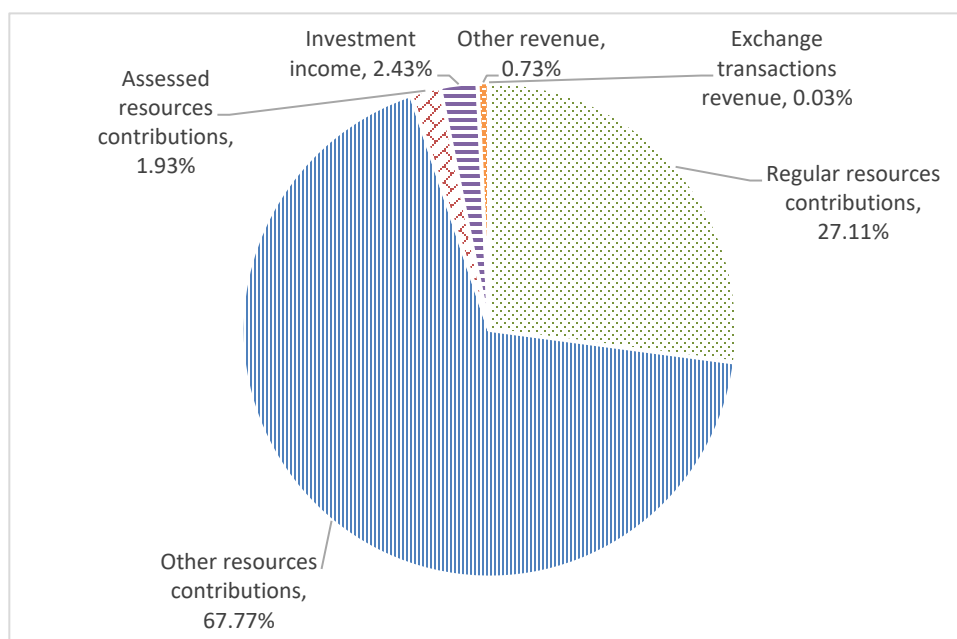
**Revenue analysis**

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2019</i>	<i>2018</i>
Contributions	142 963	357 430	10 162	–	510 555	392 327
Investment revenue	12 285	544	–	–	12 829	9 624
Other revenue	1 408	25 967	1 168	(24 686)	3 857	2 160
Exchange transactions revenue	–	161	–	–	161	607
<b>Total</b>	<b>156 656</b>	<b>384 102</b>	<b>11 330</b>	<b>(24 686)</b>	<b>527 402</b>	<b>404 718</b>

42. The total revenue for 2019 includes revenue received and receivable, in accordance with IPSAS. UN-Women recognizes regular resource revenue when funds are received from the donor or where there is a signed agreement or letters of exchange (pledges are not recognized). UN-Women recognizes other resource revenue from non-exchange transactions when written confirmation in the form of a signed donor agreement is received from a donor. Revenue is recognized in the financial statements in the period to which they relate. The matching principle of revenue and expense does not apply for non-exchange transactions (see note 2 to the financial statements).

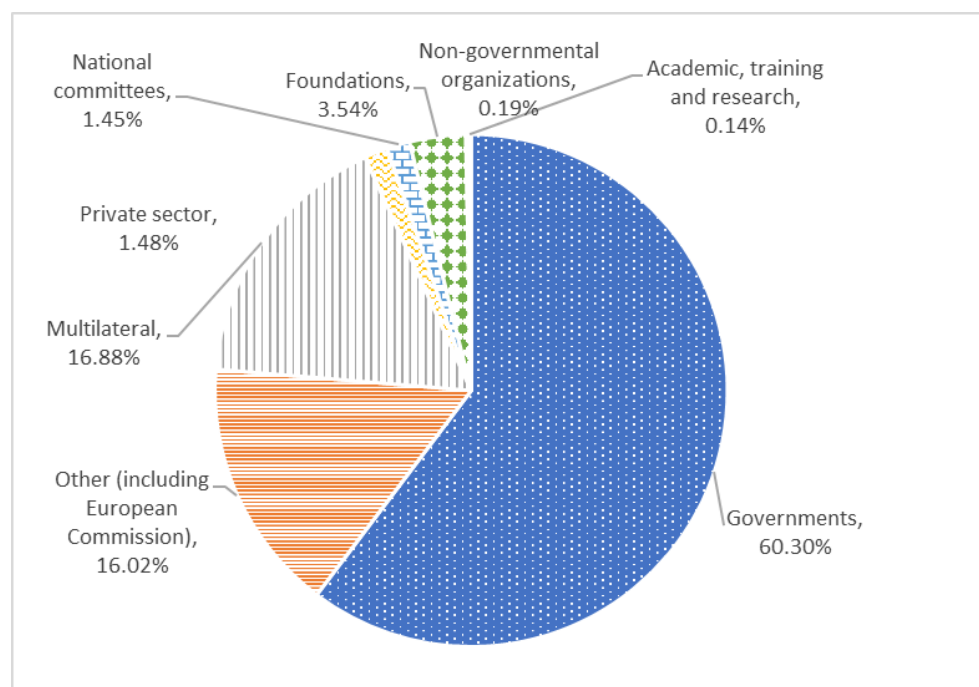
Figure IV.I  
2019 revenue by nature



43. In figure IV.I, of the total revenue of \$527.4 million (2018: \$404.7 million), contributions accounted for \$510.6 million (2018: \$392.2 million) and comprised:

- (a) Voluntary regular resources of \$143.0 million, or 27.11 per cent (2018: \$149.0 million, or 36.82 per cent), which are unearmarked and fund the operational requirements and projects and programmes of UN-Women;
- (b) Voluntary other resources of \$357.4 million, or 67.77 per cent (2018: \$235.3 million, or 58.13 per cent), which are earmarked for specific programmes and projects;
- (c) Assessed resources from the United Nations regular budget of \$10.2 million, or 1.93 per cent (2018: \$8.0 million, or 1.98 per cent), which fund the normative and intergovernmental work of UN-Women.

Figure IV.II  
2019 voluntary contributions by donor type



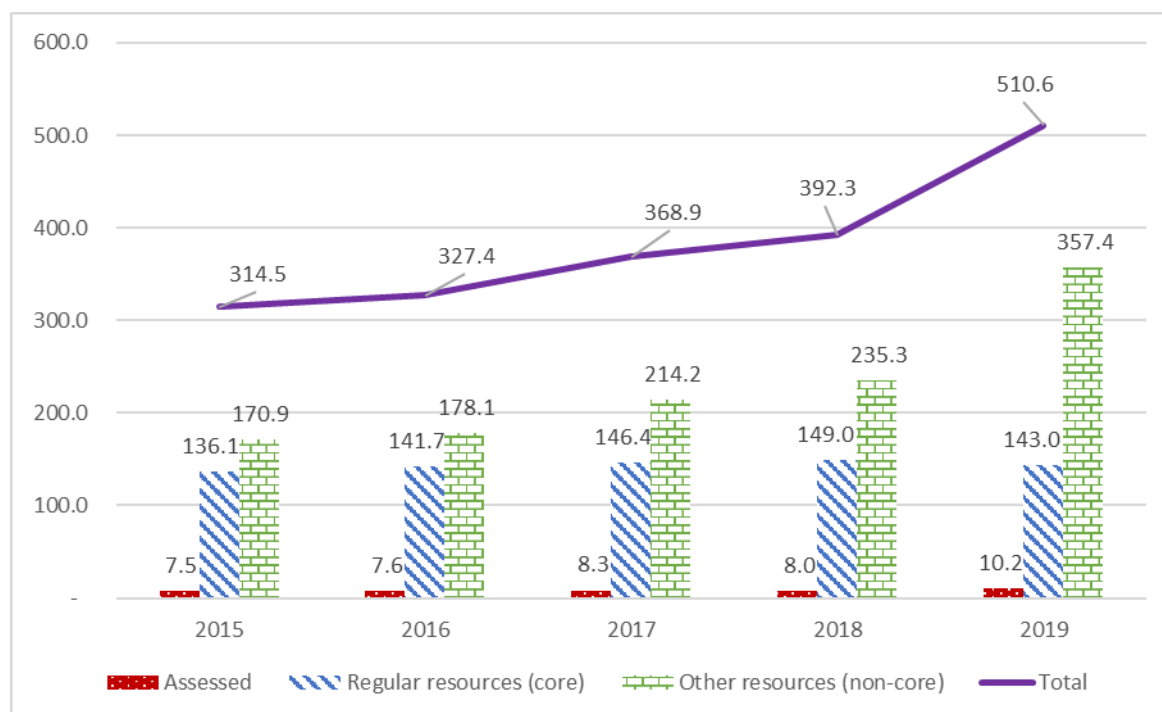
44. Figure IV.II shows the breakdown of voluntary contributions revenue for 2019 by donor type, as follows:

(a) UN-Women revenue is sourced mostly from government and intergovernmental agencies (other), which contributed \$390.4 million, or 76.32 per cent (2018: \$303.5 million, or 77.37 per cent), of the revenue;

(b) Multilaterals contributed \$72.7 million, or 16.88 per cent (2018: \$50.0 million, or 12.75 per cent);

(c) The private sector, national committees, foundations and other donors contributed \$37.2 million, or 6.8 per cent (2018: \$30.8 million, or 7.83 per cent).

Figure IV.III  
**Trend in contributions revenue**  
 (Millions of United States dollars)



## Expenditure

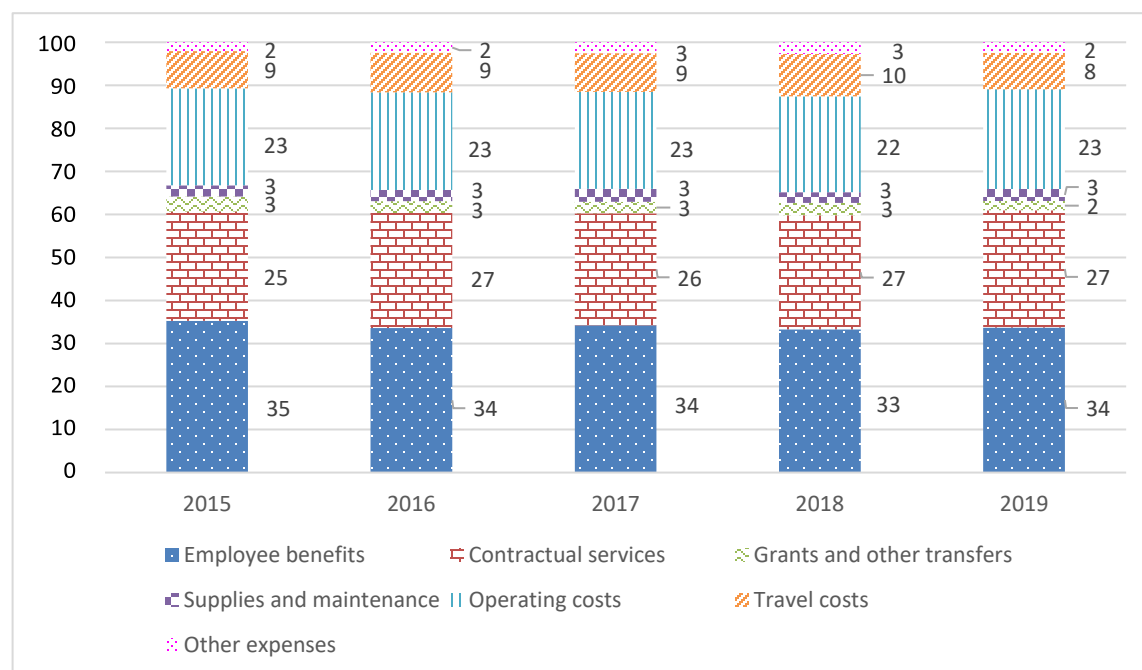
45. The total expenses for 2019 amount to \$420.9 million (2018: \$380.3 million) and represent expenses incurred, both paid and payable. Of the total expenses, regular resources represent \$155.7 million, or 36.99 per cent (2018: \$158.7 million, or 41.7 per cent), other resources (after reduction for elimination items) represent \$254 million, or 60.36 per cent (2018: \$211 million, or 55.5 per cent) and assessed expenses represent \$11.1 million, or 2.65 per cent (2018: \$10.5 million, or 2.8 per cent). The other resource expenses for the year include programme and project delivery during the year from unspent 2018 budgets, as well as current-year budgets.

## Expenditure analysis

(Thousands of United States dollars)

	Regular resources	Other resources	Assessed	Elimination	2019	2018
Employee benefits	84 594	47 472	9 767	—	141 833	126 584
Contractual services	24 168	90 407	90	—	114 665	100 848
Grants and other transfers	334	8 821	—	—	9 155	10 845
Supplies and maintenance	3 213	8 541	—	—	11 754	9 519
Operating costs	28 281	92 765	1 099	(24 686)	97 459	84 747
Travel	12 365	23 111	181	—	35 657	37 392
Depreciation and amortization	2 199	582	2	—	2 783	3 344
Finance costs	61	210	—	—	271	267
Other expenses	487	6 822	4	—	7 313	6 714
<b>Total</b>	<b>155 702</b>	<b>278 731</b>	<b>11 143</b>	<b>(24 686)</b>	<b>420 890</b>	<b>380 260</b>

Figure IV.IV  
**Trend in expenses by nature**  
 (Percentage of total expenses)



### Net assets and liabilities

#### Financial position by funding source

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Total assets	198 377	448 796	10 346	657 519	541 481
Total liabilities	87 808	42 388	13 157	143 353	128 004
<b>Total net assets/equity</b>	<b>110 569</b>	<b>406 408</b>	<b>(2 811)</b>	<b>514 166</b>	<b>413 477</b>

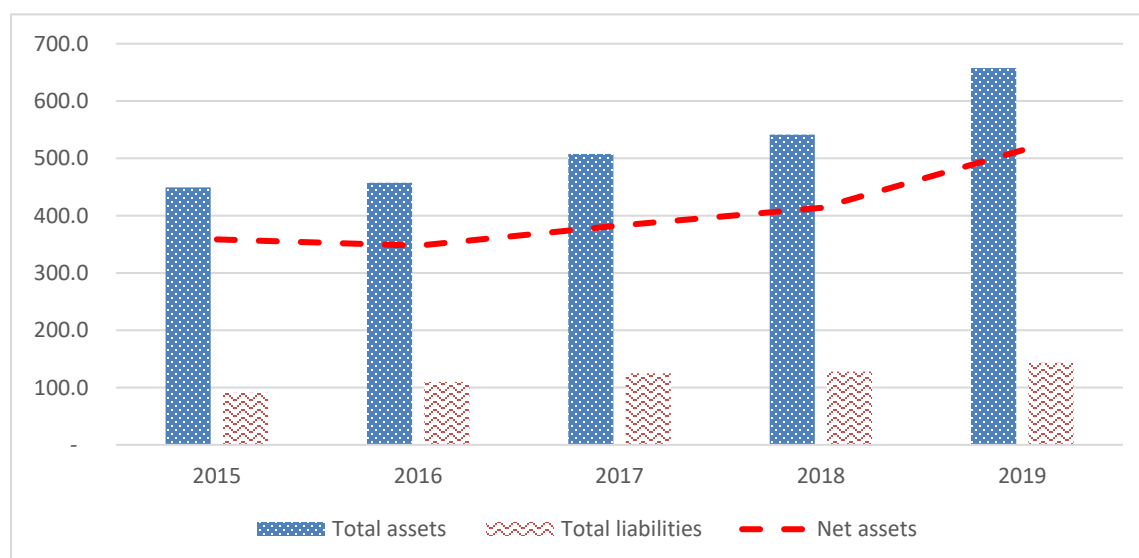
46. Total net assets/equity by segment (see note 5 to the financial statements) comprise:

(a) Regular resources, the cash required to fund operations for the first few months of the new financial year while UN-Women awaits new voluntary contributions from donor Governments, funds for employee benefits and liabilities;

(b) Other resources, the unspent budgets for earmarked projects and programmes, which will be expensed in future periods in accordance with donor agreements.

Figure IV.V  
**Total assets, liabilities and net assets, 2015–2019**

(Millions of United States dollars)



47. Total net assets/equity by segment also comprise other items in relation to the financial position by segment as at 31 December 2019, including:

(a) Current assets of \$468.2 million exceeding current liabilities of \$48.2 million by \$420 million, indicating that the liquidity of UN-Women is very strong (current assets ratio of 9.7:1; 2018: 6.6:1), with regular resources representing \$138.5 million and other resources \$319.3 million of current assets;

(b) Investments and cash and cash equivalents amounting to \$568.4 million (2018: \$470.6 million), with cash and short-term investments of \$390.9 million for less than 12 months and \$177.5 million for long-term investments;

(c) Accounts receivable or unpaid voluntary contributions agreements amounting to \$28.1 million (2018: \$19.5 million), 48 per cent of which is from other resources for earmarked projects and programmes;

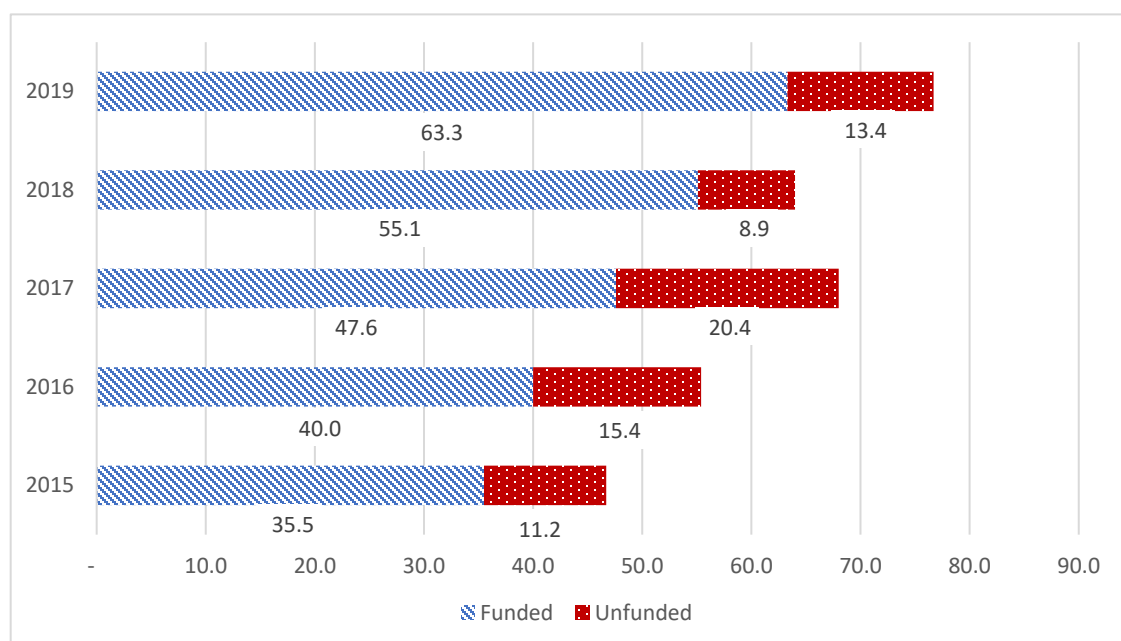
(d) Employee benefits (contractual obligations to employees, both current and retired) in the amount of \$109.50 million (2018: \$90.0 million) are valued by the actuary. The main liability relates to after-service health insurance of \$76.7 million (2018: \$64 million), which has been funded in the amount of \$63.3 million, or 82 per cent (2018: \$55.1 million, or 86 per cent). The portion of the liability for after-service health insurance for the category of active employees not yet fully eligible is \$54.2 million, or 70 per cent of the total accrued liability for after-service health insurance;

(e) Reserves include operational reserves of \$26.5 million and field accommodation reserves of \$1 million, as approved by the Executive Board in its decision 2012/8.



Figure IV.VI  
**After-service health insurance liability, 2015–2019**

(Millions of United States dollars)



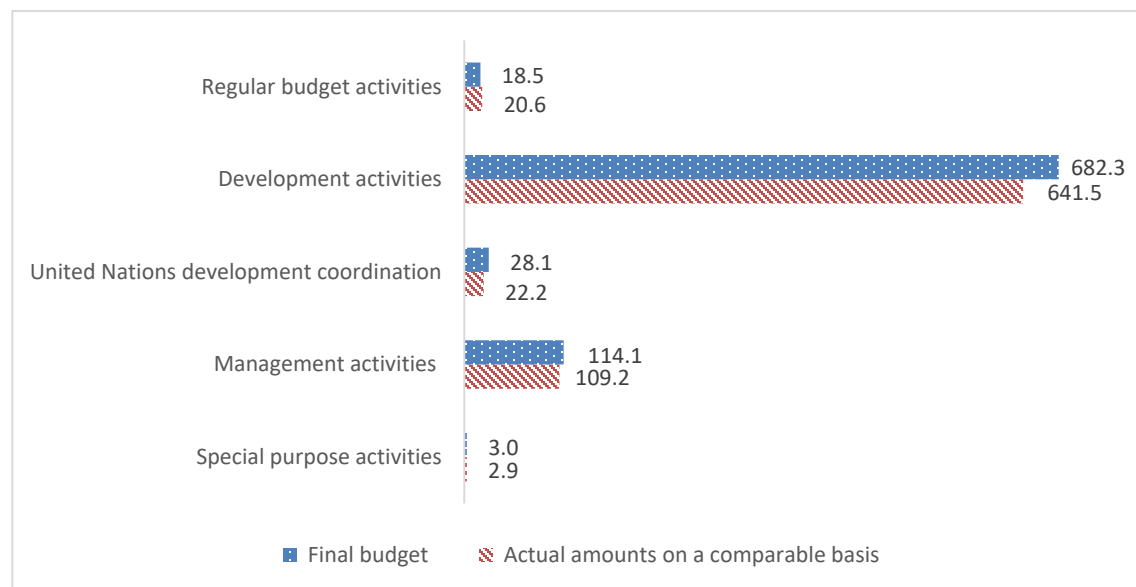
### Budgetary performance

48. The integrated resources plan and the integrated budget set out the estimated financial resources for the strategic plan, covering both regular (core) and other (non-core) resources for 2018–2019. The integrated budget is prepared and presented on a biennial basis. The year 2019 represented approximately 50 per cent of the integrated budget estimates for the biennium 2018–2019.

49. The budget of UN-Women is prepared on a modified cash basis and is presented in the financial statements as statement V, comparison of budget and actual amounts on a comparable basis, with the additional inclusion of assessed resources (regular budget). In order to facilitate a comparison between the budget and the financial statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is included in note 26 to the financial statements.

Figure IV.VII  
**Budget utilization for the biennium 2018–2019**

(Millions of United States dollars)



### Conclusion

50. UN-Women closed 2019 in good financial health through sound financial management practices, including processes and controls designed to contain expenses within the available financial resources. Notwithstanding a significant increase in other resources contributions, a decrease in regular resources contributions, which remain the bedrock of the Entity's operations, and the ongoing funding gap in regular resources are of continued concern. The declining trend as a percentage of overall revenue generated by UN-Women remains a substantial challenge with regard to the Entity's ability to deliver on its triple mandate.

## Chapter V

### Financial statements for the year ended 31 December 2019

#### United Nations Entity for Gender Equality and the Empowerment of Women

#### I. Statement of financial position as at 31 December 2019

(Thousands of United States dollars)

	Reference	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	Note 6	145 360	57 295
Investments	Note 7	245 530	216 936
Accounts receivable	Note 8	28 120	19 504
Advances	Note 9	43 395	34 881
Other assets	Note 10	5 792	5 349
Inventories	Note 11	—	13
<b>Total current assets</b>		<b>468 197</b>	<b>333 978</b>
<b>Non-current assets</b>			
Investments	Note 7	177 506	196 334
Other assets	Note 10	17	7
Property, plant and equipment	Note 12	11 728	11 019
Intangible assets	Note 13	71	143
<b>Total non-current assets</b>		<b>189 322</b>	<b>207 503</b>
<b>Total assets</b>		<b>657 519</b>	<b>541 481</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	Note 14	14 438	20 946
Employee benefits	Note 15	14 323	12 625
Other liabilities	Note 16	19 401	17 040
<b>Total current liabilities</b>		<b>48 162</b>	<b>50 611</b>
<b>Non-current liabilities</b>			
Employee benefits	Note 15	95 191	77 393
<b>Total non-current liabilities</b>		<b>95 191</b>	<b>77 393</b>
<b>Total liabilities</b>		<b>143 353</b>	<b>128 004</b>
<b>Net assets</b>		<b>514 166</b>	<b>413 477</b>
<b>Net assets/equity</b>			
Accumulated surplus/(deficit)	Note 17	481 637	386 677
Reserves	Note 18	32 529	26 800
<b>Total net assets/equity</b>		<b>514 166</b>	<b>413 477</b>

The accompanying notes are an integral part of these financial statements.

**United Nations Entity for Gender Equality and the Empowerment of Women**
**II. Statement of financial performance for the year ended 31 December 2019**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2019</i>	<i>2018</i>
<b>Revenue</b>			
Voluntary contributions	Note 19	500 393	384 295
Assessed contributions	Note 20	10 162	8 032
Investment revenue	Note 21	12 829	9 624
Other revenue	Note 22	3 857	2 160
Exchange transactions revenue	Note 23	161	607
<b>Total revenue</b>		<b>527 402</b>	<b>404 718</b>
<b>Expenses</b>			
Employee benefits	Note 24	141 833	126 584
Contractual services	Note 24	114 665	100 848
Grants and other transfers	Note 24	9 155	10 845
Supplies and maintenance	Note 24	11 754	9 519
Operating costs	Note 24	97 459	84 747
Travel costs	Note 24	35 657	37 392
Depreciation and amortization	Note 24	2 783	3 344
Finance costs	Note 24	271	267
Other expenses	Note 24	7 313	6 714
<b>Total expenses</b>		<b>420 890</b>	<b>380 260</b>
<b>Surplus/(deficit) for the year</b>		<b>106 512</b>	<b>24 458</b>

The accompanying notes are an integral part of these financial statements.

**United Nations Entity for Gender Equality and the Empowerment of Women**
**III. Statement of changes in net assets/equity for the year ended 31 December 2019**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2019</i>	<i>2018</i>
<b>Net assets/equity at the beginning of the year</b>		<b>413 477</b>	<b>382 883</b>
<b>Movement during the year</b>			
Current year surplus/(deficit)		106 512	24 458
Refunds to donors	Note 17	(2 356)	(2 077)
Changes in fair value of available-for-sale investments	Note 18	5 729	(4 733)
Actuarial gains/(losses)	Note 17	(9 196)	12 946
<b>Net assets/equity at the end of the year</b>		<b>514 166</b>	<b>413 477</b>

The accompanying notes are an integral part of these financial statements.

# United Nations Entity for Gender Equality and the Empowerment of Women

## IV. Statement of cash flow for the year ended 31 December 2019

(Thousands of United States dollars)

	<i>Reference</i>	<i>2019</i>	<i>2018</i>
<b>Cash flows from operating activities</b>			
Net surplus/(deficit) for the year		106 512	24 458
Interest revenue		(10 552)	(8 955)
Amortization on investments		(1 758)	(173)
Dividend revenue		(519)	(496)
Unrealized (gain)/loss on foreign exchange		1 092	3 386
Depreciation and amortization expense	Note 24	2 783	3 344
(Increase)/decrease in accounts receivable		(8 616)	22 080
(Increase)/decrease in other assets		(680)	14 817
(Increase)/decrease in inventories		13	21
(Increase)/decrease in advances		(8 514)	(3 457)
Increase/(decrease) in accounts payable		(6 508)	12 081
Increase/(decrease) in employee benefits		19 495	(2 832)
Increase/(decrease) in other liabilities		2 361	(6 054)
(Gains)/losses on sale of property, plant and equipment		400	264
Refunds to donors	Note 17	(2 356)	(2 077)
Change in fair value of available-for-sale investments		(21)	254
Actuarial gains/(losses)	Note 17	(9 196)	12 946
<b>Net cash generated from operating activities</b>		<b>83 936</b>	<b>69 607</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(3 899)	(3 410)
Purchases of intangible assets		(9)	(4)
Proceeds from sales of property, plant and equipment		88	13
Purchases of investments – held to maturity	Note 7.1	(398 696)	(271 510)
Maturities of investments – held to maturity	Note 7.1	396 219	188 845
Interest received		12 527	8 578
Dividend received		528	489
Movement in investments – available-for-sale		(1 537)	(3 103)
<b>Net cash generated from investing activities</b>		<b>5 221</b>	<b>(80 102)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>89 157</b>	<b>(10 495)</b>
Cash and cash equivalent at beginning of year		57 295	71 176
Effect of exchange rate changes on cash and cash equivalents		(1 092)	(3 386)
<b>Cash and cash equivalent at end of year</b>	<b>Note 6</b>	<b>145 360</b>	<b>57 295</b>

The accompanying notes are an integral part of these financial statements.

# United Nations Entity for Gender Equality and the Empowerment of Women

## V. Statement of comparison of budget and actual amounts for the year ended 31 December 2019

(Thousands of United States dollars)

	2018–2019		2018			2019				2018–2019
	Original budget	Original budget	Final budget	Actual amounts on comparable basis	Difference between final budget and actual amounts	Original budget	Final budget	Actual amounts on comparable basis	Difference between final budget and actual amounts	Difference between final budget and actual amounts
Regular budget activities	16 544	8 062	8 973	10 529	(1 556)	8 482	9 513	10 033	(520)	(2 076)
Development activities										
Programme	671 581	342 000	299 159	273 754	25 405	329 581	337 231	329 222	8 009	33 414
Development effectiveness	50 070	24 300	23 778	20 438	3 340	25 770	22 153	18 088	4 065	7 405
<b>Subtotal</b>	<b>721 651</b>	<b>366 300</b>	<b>322 937</b>	<b>294 192</b>	<b>28 745</b>	<b>355 351</b>	<b>359 384</b>	<b>347 310</b>	<b>12 074</b>	<b>40 819</b>
United Nations development coordination	27 219	13 200	13 767	13 038	729	14 019	14 362	9 124	5 238	5 967
Management activities										
Recurring	115 343	52 800	51 489	45 626	5 863	62 543	51 753	54 145	(2 392)	3 471
Evaluation	6 770	3 300	3 144	2 654	490	3 470	2 730	2 388	342	832
Audit and investigations	5 973	2 900	2 502	2 170	332	3 073	2 435	2 228	207	539
<b>Subtotal</b>	<b>128 086</b>	<b>59 000</b>	<b>57 135</b>	<b>50 450</b>	<b>6 685</b>	<b>69 086</b>	<b>56 918</b>	<b>58 761</b>	<b>(1 843)</b>	<b>4 842</b>
Special purpose activities										
Resource mobilization	1 000	500	429	264	165	500	571	681	(110)	55
Information and communications technology transformation	2 000	1 000	287	147	140	1 000	1 762	1 801	(39)	101
<b>Subtotal</b>	<b>3 000</b>	<b>1 500</b>	<b>716</b>	<b>411</b>	<b>305</b>	<b>1 500</b>	<b>2 333</b>	<b>2 482</b>	<b>(149)</b>	<b>156</b>
<b>Total budget</b>	<b>896 500</b>	<b>448 062</b>	<b>403 528</b>	<b>368 620</b>	<b>34 908</b>	<b>448 438</b>	<b>442 510</b>	<b>427 710</b>	<b>14 800</b>	<b>49 708</b>
<b>Total institutional budget</b>	<b>208 375</b>	<b>98 000</b>	<b>95 396</b>	<b>84 337</b>	<b>11 059</b>	<b>110 375</b>	<b>95 766</b>	<b>88 456</b>	<b>7 310</b>	<b>18 369</b>

The accompanying notes are an integral part of these financial statements; see also note 26.

## **United Nations Entity for Gender Equality and the Empowerment of Women**

### **Notes to the financial statements**

#### **Note 1**

##### **Reporting entity**

The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established by the General Assembly in its resolution [64/289](#) of 2 July 2010 and became operational in January 2011. Grounded in the vision of equality enshrined in the Charter of the United Nations, UN-Women works towards the elimination of discrimination against women and girls; the economic empowerment of women; the achievement of equality between women and men as partners and beneficiaries of development, human rights, humanitarian action and peace and security.

UN-Women is mandated to support intergovernmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global norms and standards. The Entity mobilizes political will and resources to help Member States implement those standards, standing ready to provide suitable technical and financial support to those countries that request it and to forge successful partnerships with civil society. Furthermore, UN-Women has been assigned the mandate to hold the United Nations system accountable for its own commitment on gender equality through the system-wide action programme.

UN-Women is governed by its Executive Board, which consists of representatives of its Member States. The Executive Board guides the strategic direction and policies of the Entity to ensure that all operational aspects of the activities of UN-Women are executed effectively by the Executive Director and Under-Secretary-General.

UN-Women is headquartered in New York and is expanding its presence at the regional and country levels. The Entity's regional architecture comprises 6 regional offices, 5 multi-country offices, 50 country offices and programme presences in 32 other countries, which enables it to pursue its goals of achieving gender equality and the empowerment of women. UN-Women serves the donor community and partners with liaison offices in Abu Dhabi, Addis Ababa, Brussels, Copenhagen, Geneva and Tokyo.

#### **Note 2**

##### **Significant accounting policies**

##### **(a) Basis of preparation and authorization for issue**

###### **Authorization for issue**

In accordance with financial regulation 12.1 of UN-Women, the Executive Director is responsible for the financial statements of the Entity. The Director, Division of Management and Administration, has certified that, to the best of his knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules. On 30 April 2020, the Executive Director authorized these financial statements to be submitted for audit.

##### **Statement of compliance with the International Public Sector Accounting Standards**

The financial statements of UN-Women have been prepared on an accrual and going concern basis in accordance with the International Public Sector Accounting Standards (IPSAS) and the financial regulations and rules of UN-Women.



## **Basis of recognition of revenue and expenses**

Under the accrual basis of accounting, revenue and expenses (except for non-exchange transactions) are recognized in the financial statements in the period to which they relate.

### *Revenue*

Voluntary contributions for regular resources are recognized as revenue when there is a signed agreement or letter of exchange (from a designated official of a Government), other than a pledge, or on a cash basis at the time that funds are received. Cash received relating to future financial years is recognized as deferred income at year end. Where a signed agreement or letter of exchange is received from a donor the contribution will be recognized as revenue on the date of the last signature to the agreement (unless expressly stated otherwise in the agreement). For multi-year core contributions, revenue is recognized in the financial statements for the period to which the funds relate and are received in accordance with the payment schedule in the agreement, or, in the absence of a schedule of multiple payments, revenue will be recognized equally over the period of the agreement.

Voluntary contributions for other resources are recognized as revenue when written confirmation is received from a donor during the financial year, based on the fair value of the benefit received unless any stipulation defers this recognition. Where a written agreement is received from a donor the contribution will be recognized as revenue on the date of the last signature to the agreement (unless expressly stated otherwise in the agreement). Multi-year agreements are apportioned by calendar year over the period of the agreement and are recognized when conditions are met.

Assessed contributions are issued as an annual allotment from the United Nations regular budget and are assessed and approved for a two-year budget period. The amount of those contributions is then apportioned between the two years and recognized on a monthly basis.

In-kind contributions, except services, that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized at fair value as expense and contribution. Those contributions include use of premises and utilities.

In-kind contributions of services are not recognized, but the estimated cost saving is disclosed in note 19.

Donated property, plant and equipment are valued at fair market value and recognized as fixed assets and contribution. The donated right to use an asset is valued at the fair market value of the right to use. The excess of the fair market value of the right to use over any sums actually paid is shown as contribution income together with a matching expense. When transferred assets are received as contributions in kind and conditions requiring their return upon non-performance are disclosed in the agreements, a liability is initially recognized. When these conditions are satisfied, the revenue is recognized. When restrictions are disclosed in the agreements which do not require their return, the revenue is recognized upon confirmation of contributions.

Revenue from exchange transactions is recognized when it is probable that future economic benefits or service potential will flow to UN-Women and those benefits can be measured reliably. Revenue should be measured at the fair value of the consideration received or receivable. When the consideration is cash or in a monetary amount, measurement shall be at this amount.

*Expenses*

Expenses are recognized when goods are delivered and services are rendered. Project expenses are recognized once UN-Women receives a financial report from the partner in order to evidence the completion of activities.

Under IPSAS, the matching principle of revenue and expense does not apply for non-exchange transactions. The focus of IPSAS is the financial position, which is evidenced by the recognition of assets when there is sufficient control and of liabilities when the criteria to recognize liabilities exist. As a consequence, the excess of revenue over expenses results in a surplus (or the excess of expenses over revenue results in a deficit), which is carried forward to the accumulated surplus or deficit. Accumulated surplus represents the unexpended portion of contributions to be utilized for future operational requirements of UN-Women.

**(b) Foreign currency transactions**

The functional and reporting currency of UN-Women is the United States dollar. Where transactions have been made in currencies other than the United States dollar, the amounts are translated into United States dollars at the prevailing United Nations operational rates of exchange at the date of the transaction. Monetary assets and liabilities in currencies other than the United States dollar are translated into the United States dollar at the prevailing United Nations operational rate of exchange in effect at the reporting date. Non-monetary assets and liabilities denominated in a currency other than the United States dollar that are measured at historical cost are translated at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses, both realized and unrealized, resulting from such transactions are accounted for in the statement of financial performance.

**(c) Financial instruments**

Financial instruments are recognized when UN-Women becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and UN-Women has transferred substantially all the risks and rewards of ownership.

**Financial assets classification**

UN-Women classifies financial assets into the following categories: held-to-maturity; available-for-sale; loans and receivables; and fair value through surplus or deficit in the statement of financial performance. The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date. All financial assets are initially measured at fair value. UN-Women initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date UN-Women becomes party to the contractual provisions of the instrument.

Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements, and assets denominated in foreign currency are translated into the United States dollar at the United Nations operational rate prevailing at the reporting date with gains and losses recognized in surplus or deficit in the statement of financial performance.

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an investment or group of investments is impaired. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in

surplus or deficit in the statement of financial performance (directly or through the use of an allowance account) in the year in which they arise.

*Held-to-maturity financial assets*

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturities that UN-Women has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus transaction costs and subsequently recognized at amortized cost calculated using the effective interest method. UN-Women classified part of its investment portfolio as held-to-maturity assets.

*Available-for-sale financial assets*

Available-for-sale financial assets are financial assets either designated in this category or not classified in any of the other categories. They are initially recorded at fair value plus transaction costs and subsequently reported at fair value with any resultant fair value gains or losses recognized directly in net assets/equity. Interest on available-for-sale financial assets is calculated using the effective interest method. When an available-for-sale financial asset is derecognized, the gain or deficit accumulated in net assets/equity is reclassified to surplus or deficit in the statement of financial performance. Fair values used for subsequent measurement are based on quoted market prices from reputable vendors.

*Loans and receivables*

Cash and cash equivalents include cash, short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, net of impairment for restricted-use currencies. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset. As at 31 December 2019, UN-Women did not have any loans.

Accounts receivable are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UN-Women will not be able to collect all amounts due according to the original terms of the receivable.

Advances and other receivables are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. Advances represent cash advance payments to partners contracted in the context of programme execution. These advances are recognized at fair value as a receivable. The expense is recognized in the statement of financial performance once UN-Women receives a financial report from the partner to evidence completion of activities. Advances also include payments on behalf of United Nations agencies and staff members are issued cash advance payments which are recognized at fair value as receivables. The expense is recognized when the advance is liquidated through a claim or repayment of the advance. Other receivables represent prepayments on contracts where goods or services are yet to be delivered or rendered.

*Fair value through surplus or deficit financial assets*

Fair value through surplus or deficit financial assets are so designated on initial recognition or are held for trading. They are initially recorded at fair value and any transaction costs are expensed. The assets are measured at fair value at each reporting date, and any resultant fair value gains or losses recognized through surplus and deficit. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties in accordance with United Nations Development Programme (UNDP) investment guidelines. UN-Women classifies derivatives as financial assets at fair value through surplus and deficit in the statement of financial performance. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the reporting date. UN-Women does not apply hedge accounting treatment for derivatives.

**(d) Inventories**

Inventories held for distribution at no charge are stated at the lower of cost and current replacement cost. As there is no related revenue for inventory distributed, the expense is recognized when the goods are distributed. No-charge publication materials that would be defined as inventory are technical publications that relate directly to the programmatic and normative operations and are under the control of UN-Women. These publications must also have longevity where their content remains relevant and valid for more than a 12-month period to be defined as inventory. Publications produced by partners and held for distribution or used by them are not considered to be under the control of UN-Women and therefore are not inventory. No-charge publication materials and campaign brochures prepared by UN-Women for only advertising and promotional information purposes are not inventory. These items normally do not have longevity and are generally used within a 12-month period, as they are produced for a one-off event or purpose, and therefore the value of any remaining materials on hand at year end would be significantly depreciated. Accordingly, the cost of publication material and campaign brochures used for advertising and promotional information is recognized as an expense when incurred.

Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Cost is determined using the first-in, first-out inventory valuation method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories acquired through a non-exchange transaction, such as donated goods, is measured as their fair value at the date of acquisition. As at 31 December 2019, UN-Women did not have any inventories held for sale and had not acquired any inventory through a non-exchange transaction.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at historic cost less accumulated depreciation and any impairment losses. The capitalization threshold for property, plant and equipment for which UN-Women has control is a total cost of at least \$1,000 per unit. Depreciation is provided for property, plant and equipment over the estimated useful life of each asset using the straight-line method, except for land, which is not subject to depreciation. Historic cost includes expenditures directly attributable to the acquisition of assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is

probable that future economic benefits associated with the item will flow to UN-Women and the cost can be measured reliably. The estimation of the useful life of the asset is a matter of judgment based on the experience of UN-Women with similar assets. Therefore, the useful life of an asset may be shorter than its economic life. Repair and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

UN-Women is deemed to control an asset if it can use or otherwise benefit from the asset in pursuit of its objectives and if the Entity can exclude or regulate the access of third parties to the asset. This can be the case when UN-Women is implementing a project directly. Project assets that are not controlled by UN-Women are expensed as incurred. Leasehold improvements are recognized as assets in cases in which the total cost is \$1,000 or more, valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term. Impairment reviews are undertaken for all assets at least annually.

The estimated useful life ranges in years for property, plant and equipment classes are set out in the table below. In accordance with note 3, estimated useful life ranges were prospectively amended as from 1 May 2019.

<i>Class</i>	<i>Prospective as from 1 May 2019</i>	<i>2018</i>
Land	Not applicable	Not applicable
Buildings		
Permanent	50	50
Temporary	10	10
Furniture and fixtures	10	8
Communications and information technology equipment	6–8	5–6
Vehicles	9	7
Machinery and equipment	7	5
Security equipment	5	5

**(f) Intangible assets**

Intangible assets with a finite life are carried at cost less accumulated amortization and any impairment loss. Intangible assets are capitalized provided they have a useful life of more than one year and a cost exceeding \$5,000 for externally acquired and a cost exceeding \$100,000 for internally generated. Amortization is provided on a straight-line basis on all intangible assets of finite life in accordance with its useful life. Where the intangible asset has an indefinite useful life, it will not be amortized, but will be reviewed for impairment by comparing its recoverable service amount with its carrying amount.

The estimated useful life ranges in years for intangible asset classes are set out in the table below.

<i>Class</i>	<i>Estimated useful life</i>
Externally acquired	5
Internally developed	5
Copyrights and patents	3

**(g) Leases**

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The value of the future lease payments within the current lease term is disclosed in note 28.

Leases where the lessee retains a significant portion of the risks and rewards inherent to ownership are classified as finance leases. UN-Women has not entered into any finance leases.

**(h) Employee benefits**

UN-Women recognizes the following employee benefits:

- (a) Short-term employee benefits, which fall due wholly within 12 months after the end of the accounting period in which employees render the related service;
- (b) Long-term employee benefits, which are due to be settled beyond 12 months after the employees render the related service and include:
  - (i) Post-employment benefits (see Pension and After-Service Health Insurance below);
  - (ii) Other long-term employee benefits;
  - (c) Termination benefits.

Short-term employee benefits are measured at their nominal value based on accrued entitlements at current rates of pay. These benefits may include, at year end, remuneration, accrued annual leave, home leave liability and other short-term benefits.

Post-employment benefits include pension plans, post-employment medical care, repatriation benefits and other lump sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. UN-Women and the Pension Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The contributions of UN-Women to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

The after-service health insurance plan extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The after-service health insurance plan is a defined benefit plan.

Other long-term employee benefits are employee benefits that do not fall due wholly within 12 months after the end of the financial period and include long-term compensation in the event of death, injury or illness.

Termination benefits generally include indemnities for voluntary redundancy and are expected to be settled within 12 months of the reporting period.

**(i) Financial liabilities**

*Other financial liabilities*

Other financial liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Financial liabilities entered into with duration of less than 12 months are recognized at their nominal value.

Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods are delivered or services are rendered and accepted by UN-Women. Liabilities are stated at invoice amounts less payment discounts at the reporting date. The liability is estimated where invoices are not available at the reporting date.

Other liabilities include deferred income, representing funds received in advance for future years from multi-year donor agreements which are apportioned by calendar year over the period of the agreement and recognized when conditions are met. Other payables represent reimbursable services rendered by the United Nations and United Nations agencies.

*Fair value through surplus or deficit financial liabilities*

Fair value through surplus or deficit financial liabilities are liabilities that are designated on initial recognition or are held for trading. They are initially recorded at fair value, and any transaction costs are expensed. The liabilities are measured at fair value again at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit.

UN-Women classifies derivatives as financial liabilities at fair value through surplus and deficit in the statement of financial performance. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties. These include derivatives embedded in time deposits that permit the instrument to be repaid by counterparties in an alternative currency in exchange for a higher yield. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months of the reporting date. As at 31 December 2019, UN-Women had no open foreign exchange derivative instruments positions in this category and did not have any embedded derivatives requiring separate accounting at fair value through surplus or deficit in the statement of financial performance. UN-Women does not apply hedge accounting for derivatives.

**(j) Provisions and contingent liabilities**

Provisions are made for future liabilities and charges where UN-Women has a present legal or constructive obligation as a result of past events, it is probable that UN-Women shall be required to settle the obligation and a reliable estimate can be made of the obligation.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their

existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UN-Women and the liability can be reliably estimated.

**(k) Commitments**

Commitments are future expenses to be incurred by UN-Women on contracts entered into by the reporting date and that the Entity has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to UN-Women in a future period, non-cancellable minimum lease payments and other non-cancellable commitments. The value of commitments as at 31 December 2019 is not recognized in the statement of financial position but is disclosed in the notes to financial statements. Commitments related to employment contracts are excluded from this disclosure.

**Note 3**

**Change in accounting policy**

UN-Women conducted the annual review of useful lives of assets for the financial year ended 31 December 2018. On the basis of the review, it was decided that the useful lives for four categories of assets would be amended prospectively as from 1 May 2019. The estimated useful life range for communications and information technology equipment changed, from 5–6 years to 6–8 years; for vehicles, from 7 years to 9 years; for furniture, from 8 to 10 years; and for office equipment, from 5 to 7 years. There were no changes in accounting policy arising from the annual review of useful lives of assets conducted for the financial year ended 31 December 2019.

**Note 4**

**Critical accounting estimates and judgments**

The preparation of financial statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgment. The areas where estimates, assumptions or judgment are significant to the financial statements of UN-Women include, but are not limited to, post-employment benefits obligations, provisions, financial risk on accounts receivable and advances, accrued charges, contingent assets and liabilities, and degree of impairment of accounts receivable, advances, investments and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are recognized in the period in which they became known.

**Note 5**

**Segment reporting**

Segment reporting is required to evaluate an entity's past performance and to make decisions about an entity's future allocation of resources. UN-Women reports the following segments:

- (a) The regular resources (core/unearmarked) segment reflects the operations of voluntarily donated funds to UN-Women to be used to achieve the mandate of UN-Women at the discretion of the Executive Director of UN-Women;
- (b) The other resources (non-core/earmarked) segment represents earmarked voluntarily donated funds to UN-Women for specific projects;
- (c) The assessed resources (regular budget) segment represents sums assessed on Member States and transferred to UN-Women by the General Assembly.



Inter-segment transactions are disclosed in the segment reporting, but eliminated in the statement of financial performance.

### Statement of financial position by segment as at 31 December 2019

(Thousands of United States dollars)

	2019				31 December 2018
	Regular resources	Other resources	Assessed resources	Total	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	54 472	90 452	436	145 360	57 295
Investments	70 645	174 885	–	245 530	216 936
Accounts receivable	5 609	13 196	9 315	28 120	19 504
Advances	3 229	40 144	22	43 395	34 881
Other assets	4 580	646	566	5 792	5 349
Inventories	–	–	–	–	13
<b>Current assets</b>	<b>138 535</b>	<b>319 323</b>	<b>10 339</b>	<b>468 197</b>	<b>333 978</b>
<b>Non-current assets</b>					
Investments	51 651	125 855	–	177 506	196 334
Other assets	14	3	–	17	7
Property, plant and equipment	8 106	3 615	7	11 728	11 019
Intangible assets	71	–	–	71	143
<b>Non-current assets</b>	<b>59 842</b>	<b>129 473</b>	<b>7</b>	<b>189 322</b>	<b>207 503</b>
<b>Total assets</b>	<b>198 377</b>	<b>448 796</b>	<b>10 346</b>	<b>657 519</b>	<b>541 481</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	6 796	2 397	5 245	14 438	20 946
Employee benefits	8 788	4 500	1 035	14 323	12 625
Other liabilities	13 813	5 588	–	19 401	17 040
<b>Current liabilities</b>	<b>29 397</b>	<b>12 485</b>	<b>6 280</b>	<b>48 162</b>	<b>50 611</b>
<b>Non-current liabilities</b>					
Employee benefits	58 411	29 903	6 877	95 191	77 393
<b>Total liabilities</b>	<b>87 808</b>	<b>42 388</b>	<b>13 157</b>	<b>143 353</b>	<b>128 004</b>
<b>Net assets</b>	<b>110 569</b>	<b>406 408</b>	<b>(2 811)</b>	<b>514 166</b>	<b>413 477</b>
<b>Net assets/equity</b>					
Accumulated surplus/(deficit)	86 311	303 393	(2 998)	386 706	364 325
Current year surplus/(deficit)	954	105 371	187	106 512	24 458
Actuarial gains/(losses)	(9 225)	–	–	(9 225)	(29)
Refunds to donors	–	(2 356)	–	(2 356)	(2 077)
Reserves	32 529	–	–	32 529	26 800
<b>Total net assets/equity</b>	<b>110 569</b>	<b>406 408</b>	<b>(2 811)</b>	<b>514 166</b>	<b>413 477</b>

Total net assets/equity in accordance with the statement of financial position by segment includes:

(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women waits for new voluntary contributions from donor Governments;

(b) Other resources: the unspent budgets for earmarked projects and programmes which will be expensed in future periods in accordance with donor agreements.

UN-Women costs for acquisitions of property, plant and equipment and intangible assets from both regular and other resources are summarized in the table below.

(Thousands of United States dollars)

	2019			2018
	Regular resources	Other resources	Total	
Property, plant and equipment	1 609	2 290	3 899	3 408
Intangible assets	9	—	9	4
<b>Total</b>	<b>1 618</b>	<b>2 290</b>	<b>3 908</b>	<b>3 412</b>

### Statement of financial performance by segment for the year ended 31 December 2019

(Thousands of United States dollars)

	2019					2018
	Regular resources	Other resources	Assessed resources	Elimination	Total	
<b>Revenue</b>						
Contributions	142 963	357 430	10 162	—	510 555	392 327
Investment revenue	12 285	544	—	—	12 829	9 624
Other revenue	1 408	25 967	1 168	(24 686)	3 857	2 160
Exchange transactions revenue	—	161	—	—	161	607
<b>Total revenue</b>	<b>156 656</b>	<b>384 102</b>	<b>11 330</b>	<b>(24 686)</b>	<b>527 402</b>	<b>404 718</b>
<b>Expenses</b>						
Employee benefits	84 594	47 472	9 767	—	141 833	126 584
Contractual services	24 168	90 407	90	—	114 665	100 848
Grants and other transfers	334	8 821	—	—	9 155	10 845
Supplies and maintenance	3 213	8 541	—	—	11 754	9 519
Operating costs	28 281	92 765	1 099	(24 686)	97 459	84 747
Travel costs	12 365	23 111	181	—	35 657	37 392
Depreciation and amortization	2 199	582	2	—	2 783	3 344
Finance costs	61	210	—	—	271	267
Other expenses	487	6 822	4	—	7 313	6 714
<b>Total expenses</b>	<b>155 702</b>	<b>278 731</b>	<b>11 143</b>	<b>(24 686)</b>	<b>420 890</b>	<b>380 260</b>
<b>Surplus/(deficit) for the period</b>	<b>954</b>	<b>105 371</b>	<b>187</b>	<b>—</b>	<b>106 512</b>	<b>24 458</b>

The elimination items represent the indirect costs charged by UN-Women in relation to the management of other resources and are based on the rate of recovery of 8 per cent established by the Executive Board of UN-Women in its decision 2013/2 of 8 February 2013, with effect from 1 January 2014 (7 per cent in prior years). These indirect costs charged were recognized during the year as an increase in support cost income, and at year end those amounts comprised the elimination items.

**Note 6**  
**Cash and cash equivalents**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Cash in bank accounts	5 327	4 544
Petty cash	27	30
Money market	82 894	36 562
Term deposits	2 224	1 159
Commercial paper	54 888	15 000
<b>Total</b>	<b>145 360</b>	<b>57 295</b>

Cash and cash equivalents comprise balances held by field offices, money market account balances, term deposits and commercial paper with terms of less than three months. Cash required for immediate disbursement is maintained in cash and bank accounts. Money market and deposit accounts are available at short notice. Cash and cash equivalents relate to both regular resources and other resources.

**Note 7**  
**Investments**

(Thousands of United States dollars)

	Closing balance 31 December 2019	Closing balance 31 December 2018
<b>Current investments</b>		
Investments – held to maturity	244 951	216 786
Investments – available-for-sale	579	150
<b>Total current investments</b>	<b>245 530</b>	<b>216 936</b>
<b>Non-current investments</b>		
Investments – held to maturity	128 576	154 264
Investments – available-for-sale	48 930	42 070
<b>Total non-current investments</b>	<b>177 506</b>	<b>196 334</b>
<b>Total investments</b>	<b>423 036</b>	<b>413 270</b>

Investments include held-to-maturity assets that are managed by UNDP and available-for-sale assets that are held and managed by external investment managers.

UN-Women had no impaired investments during the year. The exposure of UN-Women to credit risk, market risk and currency risks, and its risk management activities related to financial assets, including investments, are discussed in note 25.

The Entity's cash and cash equivalents and investments include funding for after-service health insurance, repatriation and death benefits in the amount of \$73.5 million,

in accordance with note 15, operational reserve, in the amount of \$26.5 million, and field accommodation reserve, in the amount of \$1 million, in accordance with note 18. Investments relate to both regular resources and other resources.

## 7.1

### Investments – held-to-maturity financial assets

(Thousands of United States dollars)

	<i>Closing balance 31 December 2018</i>	<i>Purchases</i>	<i>Maturities</i>	<i>Amortization</i>	<i>Unrealized gains/ losses</i>	<i>Reclassification non-current to current</i>	<i>Closing balance 31 December 2019</i>	<i>Fair value</i>
<b>Current investments</b>								
Money market instruments	65 000	214 142	(170 000)	579	–	–	109 721	109 726
Bonds and notes	151 786	80 789	(187 533)	243	–	89 945	135 230	135 324
<b>Subtotal</b>	<b>216 786</b>	<b>294 931</b>	<b>(357 533)</b>	<b>822</b>	<b>–</b>	<b>89 945</b>	<b>244 951</b>	<b>245 050</b>
<b>Non-current investments</b>								
Bonds and notes	154 264	103 765	(40 000)	492	–	(89 945)	128 576	129 769
<b>Subtotal</b>	<b>154 264</b>	<b>103 765</b>	<b>(40 000)</b>	<b>492</b>	<b>–</b>	<b>(89 945)</b>	<b>128 576</b>	<b>129 769</b>
<b>Total investments held to maturity</b>	<b>371 050</b>	<b>398 696</b>	<b>(397 533)</b>	<b>1 314</b>	<b>–</b>	<b>–</b>	<b>373 527</b>	<b>374 819</b>

Held-to-maturity financial assets are carried at amortized cost calculated by using the effective interest method. As at 31 December 2019, the fair value of those assets was higher than the book value by \$1.3 million. Fair values are based on quoted market prices from reputable vendors. The average yield on investments for 2019 was 2.3 per cent (2018: 1.94 per cent).

## 7.2

### Investments – available-for-sale financial assets

(Thousands of United States dollars)

	<i>Closing balance 31 December 2019</i>	<i>Closing balance 31 December 2018</i>
<b>Current investments</b>		
Bonds	579	150
<b>Total current investments</b>	<b>579</b>	<b>150</b>
<b>Non-current investments</b>		
Equities	26 896	25 806
Equities – fair value adjustments	4 590	(291)
Bonds	17 116	17 096
Bonds – fair value adjustments	328	(541)
<b>Total non-current investments</b>	<b>48 930</b>	<b>42 070</b>
<b>Total available-for-sale investments</b>	<b>49 509</b>	<b>42 220</b>

The table below presents the fair value hierarchy of the Entity's available-for-sale financial instruments carried at fair value as at 31 December 2019.

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Available-for-sale financial assets</b>				
Equities	31 486	–	–	31 486
Bonds	18 023	–	–	18 023
<b>Total</b>	<b>49 509</b>	<b>–</b>	<b>–</b>	<b>49 509</b>

The three fair value hierarchies are defined by IPSAS on the basis of the significance of the inputs used in the valuation as follows:

(a) Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as price) or indirectly (derived from prices);

(c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets represent investments managed by external investment managers for after-service health insurance (see notes 7 and 25).

## Note 8

### Accounts receivable

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
Contributions receivable	30 720	19 504
Less: allowance for impairment of receivables	(2 600)	–
<b>Total accounts receivable</b>	<b>28 120</b>	<b>19 504</b>

Contributions receivable represents uncollected revenue committed to UN-Women by donors. The allowance for impairment on receivables is calculated on the basis of an aged analysis and the collectability of the outstanding balance.

**Note 9**  
**Advances**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Advances provided to United Nations agencies	6 311	6 558
Advances provided to other partners	34 739	26 537
<i>Shown by fund type:</i>		
Regular resources	714	1 148
Other resources		
Cost-sharing	26 357	16 582
United Nations trust fund in support of actions to eliminate violence against women	7 262	7 592
Fund for Gender Equality	406	1 215
Less: Allowance for impairment of advances to partners	(24)	(67)
<b>Subtotal</b>	<b>41 026</b>	<b>33 028</b>
Advances to staff	2 369	1 853
<b>Total advances</b>	<b>43 395</b>	<b>34 881</b>

Advances relate to transfers made to United Nations agencies and other partners in connection with programme execution, and to staff. Such advances are recognized as an asset and are stated at historical cost less an allowance for impairment.

Advances to partners are reduced and expenses are recognized when certified expense reports are received from partners. As at 31 December 2019, approximately 99.8 per cent of the total outstanding advances provided to partners are aged less than 12 months and relate to implementation of programmatic activities.

Advances to staff include salary and rental advances and prepaid education grants, which are generally settled within a 12-month period.

**Note 10**  
**Other assets**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Current assets</b>		
Interest and dividends receivable	2 021	2 248
Miscellaneous accounts receivable	3 771	3 101
<b>Subtotal</b>	<b>5 792</b>	<b>5 349</b>
<b>Non-current assets</b>		
Security deposit	17	7
<b>Subtotal</b>	<b>17</b>	<b>7</b>
<b>Total other assets</b>	<b>5 809</b>	<b>5 356</b>

Miscellaneous accounts receivable includes value added tax/sales tax, rental and tax reimbursements due from the United Nations, other receivables due and expenditures paid in advance.

## Note 11 Inventories

(Thousands of United States dollars)

	31 December 2019	31 December 2018
No-charge technical publications	–	13
<b>Total inventories</b>	<b>–</b>	<b>13</b>

## Note 12 Property, plant and equipment

(Thousands of United States dollars)

	Building	Communication and information technology equipment	Furniture and fixtures	Vehicles	Heavy machinery/ equipment	Security equipment	Leasehold improvements	Construction of fixed assets	Total
<b>At 31 December 2018</b>									
Cost	2 247	10 028	1 135	9 238	1 193	845	2 768	–	27 454
Accumulated depreciation	(660)	(6 149)	(742)	(5 863)	(901)	(580)	(1 540)	–	(16 435)
<b>Net book value</b>	<b>1 587</b>	<b>3 879</b>	<b>393</b>	<b>3 375</b>	<b>292</b>	<b>265</b>	<b>1 228</b>		<b>11 019</b>
<b>Movements year to 31 December 2019</b>									
Additions	259	1 695	118	1 072	117	49	944	23	4 277
Receipt accrual	–	11	–	–	–	–	–	–	11
Cost adjustments	(119)	(22)	(1)	3	–	–	(250)		(389)
Retirements	–	(1 077)	(40)	(424)	(50)	(38)	(328)	–	(1 957)
Asset recategorization cost	–	–	(3)	–	–	–	3	–	–
Retirements – accumulated depreciation	–	984	24	367	46	32	14	–	1 467
Depreciation	(181)	(1 078)	(88)	(684)	(97)	(101)	(471)	–	(2 700)
<b>Closing net book value as at 31 December 2019</b>	<b>1 546</b>	<b>4 392</b>	<b>403</b>	<b>3 709</b>	<b>308</b>	<b>207</b>	<b>1 140</b>	<b>23</b>	<b>11 728</b>
<b>At 31 December 2019</b>									
Cost	2 387	10 635	1 209	9 889	1 260	856	3 137	23	29 396
Accumulated depreciation	(841)	(6 243)	(806)	(6 180)	(952)	(649)	(1 997)	–	(17 668)
<b>Net book value</b>	<b>1 546</b>	<b>4 392</b>	<b>403</b>	<b>3 709</b>	<b>308</b>	<b>207</b>	<b>1 140</b>	<b>23</b>	<b>11 728</b>

Assets are reviewed annually to determine if there is any impairment in their value, and as at 31 December 2019, UN-Women did not have any impairment in property, plant and equipment. UN-Women holds fully depreciated property, plant and equipment which is still in use, with a cost of \$5.4 million as at 31 December 2019.

**Note 13**  
**Intangible assets**

(Thousands of United States dollars)

	<i>Externally acquired software</i>	<i>Total</i>
<b>At 31 December 2018</b>		
Cost	403	403
Accumulated amortization	(260)	(260)
<b>Net book value</b>	<b>143</b>	<b>143</b>
<b>Movements year to 31 December 2019</b>		
Additions	30	30
Cost adjustments	(21)	(21)
Amortization	(81)	(81)
<b>Closing net book value as at 31 December 2019</b>	<b>71</b>	<b>71</b>
<b>At 31 December 2019</b>		
Cost	412	412
Accumulated amortization	(341)	(341)
<b>Net book value</b>	<b>71</b>	<b>71</b>

**Note 14**  
**Accounts payable**

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
Payables to third parties	8 593	4 865
Payables to United Nations agencies		
United Nations Development Programme	3 699	13 955
United Nations Capital Development Fund	9	6
United Nations Population Fund	87	249
Accruals	2 050	1 871
<b>Total accounts payable</b>	<b>14 438</b>	<b>20 946</b>

Payables to third parties are related to amounts due for goods and services for which invoices have been received. Payables to United Nations agencies represent expenditures incurred on behalf of UN-Women which are settled in the following year.

Accruals represent estimates for the value of goods or services received, for which invoices have not yet been received and for which the liability has occurred and can be reasonably estimated.



**Note 15**  
**Employee benefits**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Current employee benefits</b>		
Accrued annual leave	10 918	9 617
Accrued home leave	1 327	1 453
After-service health insurance	335	607
Repatriation benefits	1 717	931
Death benefit	26	17
<b>Subtotal</b>	<b>14 323</b>	<b>12 625</b>
<b>Non-current employee benefits</b>		
After-service health insurance	76 743	63 631
Repatriation benefits	18 103	13 612
Death benefit	345	150
<b>Subtotal</b>	<b>95 191</b>	<b>77 393</b>
<b>Total employee benefits</b>	<b>109 514</b>	<b>90 018</b>

**(a) Current employee benefits**

The current portion of employee benefits includes annual leave and home leave calculated in accordance with the Staff Regulations and Rules of the United Nations. Also included are the current portions of accrued after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

**(b) Non-current employee benefits**

The non-current portion of employee benefits includes the non-current portions of after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

**Actuarial valuations**

The liabilities arising from post-employment benefits are determined by independent actuaries, and those employee benefits are established in accordance with the Staff Regulations and Rules of the United Nations.

The actuarial valuation for after-service health insurance, repatriation benefits and death benefits was prepared for the purpose of providing results for financial disclosure and reporting as at 31 December 2019 in accordance with IPSAS 39: Employee benefits.

**After-service health insurance**

UN-Women provides end-of-service medical benefits for its eligible former staff members and their dependants in the form of insurance premiums for the medical and accident insurance plan. Eligible former staff members are 55 years of age and older and have five or more years of service for staff hired before 1 July 2007, or 10 or more years of service for staff hired on or after 1 July 2007 of contributory health insurance coverage prior to retirement.

The non-current portion of after-service health insurance of \$76.7 million includes an obligation for active staff not yet fully eligible amounting to \$54.2 million, which represents active employees who are not yet eligible as at the valuation date and are determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$63.3 million as at 31 December 2019, and a funding plan for providing 8 per cent commenced from 1 January 2014. The majority of the assets held to support the plan are separately invested in an after-service health insurance investment account by external fund managers (see notes 7 and 25).

The present value of the defined benefit obligations for post-employment medical insurance is determined using the projected unit credit method, including discounting the estimated future cash outflows.

### **Repatriation benefits**

UN-Women provides end-of-service repatriation benefits (grant and travel and shipment of personal effects) for its eligible staff members and their dependants upon separation. Eligible staff are international appointments who have been separated from active service after qualifying service of one year or longer, who resided at the last duty station outside their country of nationality and have not been summarily dismissed or separated from service on grounds of abandonment of post.

The non-current portion of repatriation benefits of \$18.1 million includes an obligation for active staff not yet fully eligible, amounting to \$18.9 million, which represents active employees who are not yet eligible as at the valuation date and which is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$9.9 million as at 31 December 2019, and a funding plan for providing 3.75 per cent commenced from 1 January 2014. The assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

### **Death benefits**

Death benefit is a post-employment defined-benefit plan. The obligation to provide this entitlement is generated when eligible employees report for service. The payment is made upon the death of an employee who leaves behind a surviving spouse or a dependent child. Staff members on full-time continuous service, on fixed-term, or continuing or permanent appointment are eligible to receive death benefits provided that the staff members are married or have dependent children at their death. No benefit is payable in the case of staff members who are unmarried and/or without recognized dependent children. The plan is fully funded to the amount of \$0.3 million as at 31 December 2019, and the assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

The movement in the present value of the defined benefit in accordance with the actuarial valuation was as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefit</i>
<b>Net defined benefit obligation at the beginning of the year</b>	<b>64 238</b>	<b>14 543</b>	<b>167</b>
<b>Increase of the obligation</b>			
Service cost	5 629	1 354	24
Interest on obligation	3 017	603	11
Actuarial loss/(gain)	4 825	4 284	87
Change in demographic assumptions	–	–	112
<b>Decrease of the obligation</b>			
Benefit payments	(631)	(964)	(30)
<b>Net recognized liability at the end of the year</b>	<b>77 078</b>	<b>19 820</b>	<b>371</b>

The benefit payments set out in the table above are estimated on the basis of the 2019 year-end actuarial valuations. As at 31 December 2019, actual benefit payments made by UN-Women were after-service health insurance in the amount of \$0.3 million and repatriation benefits in the amount of \$0.4 million. In 2019, one payment for death benefit was paid in the amount of \$0.01million.

The 2019 annual expense amounts recognized in the statement of financial performance are as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>
Service cost	5 629	1 354
Interest on obligation	3 017	603
<b>Total expenses recognized</b>	<b>8 646</b>	<b>1 957</b>

### Actuarial assumptions

The end-of-service liabilities were valued using yield curves provided by Aon Hewitt as at 31 December 2019 in order to maintain consistency in actuarial assumptions across the United Nations system. Actuarial valuations were performed using the full discount curves, and once the results were obtained, single equivalent discount rates per scheme were determined for disclosure purposes.

The single equivalent discount rates determined for each scheme are as follows:

<i>Single equivalent discount rates</i>	<i>2019</i>	<i>2018</i>
After-service health insurance	3.68%	4.72%
Repatriation benefits	3.16%	4.29%
Death benefits	2.44%	4.21%

A review was conducted by the actuary of a number of sources and the long-term rate of inflation assumption was based on 2.20 per cent. Other actuarial assumptions were as follows:

Health-care cost trend rates (varies by medical plan)	2.85–3.85%
Salary increase rate (varies by age and staff category)	3.5–9.3%
Per capita claim cost (varies by age)	\$932–\$13 819

Benefits under the after-service health insurance plans are attributed in proportion to the years of service from date of hire until full eligibility date, in accordance with the straight-line basis method. Historically, repatriation and death benefits have been based on the straight-line method. As from 1 January 2019, they are attributed based on the benefit formula, which is consistent with the approach used by other United Nations agencies and is in accordance with paragraph 72 of IPSAS 39: Employee benefits. The impact of such a change is disclosed as a change in methodology, and it is included in the total defined benefit cost recognized in the Statement of Financial Performance.

Assumptions regarding future mortality for 2019 are based on the detailed mortality, retirement and withdrawal rates assumptions used for the most recent United Nations Joint Staff Pension Fund scheme valuations, which, in prior years, had been based on published statistics and mortality tables. The change will ensure overall modelling consistency with the Fund scheme. The current rates of death underlying the values of the liabilities in the after-service health insurance and repatriation calculations are as follows:

<i>Rates of death – pre-retirement</i>	<i>At age 20</i>	<i>At age 69</i>
Male	0.00056	0.00718
Female	0.00037	0.00522
<i>Rates of death – post-retirement</i>	<i>At age 20</i>	<i>At age 70</i>
Male	0.00062	0.00913
Female	0.00035	0.00561
<i>Rate of retirement – professionals with 30 or more years of experience</i>	<i>At age 55</i>	<i>At age 70</i>
Male	0.16	1.00
Female	0.20	1.00

### Sensitivity analysis

If the assumptions described above were to change, in accordance with the actuarial report, this would have an impact on the measurement of defined benefit obligations and current service and interest costs as shown in the table below.

(Thousands of United States dollars)

	<i>Change</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefits</i>
<b>Impact of change in assumptions</b>		77 078	19 820	371
Discount rate sensitivity to end-of-year liability				
Increase of discount rate by	0.5%	(9 200)	(875)	(15)
As a percentage of end-of-year liability		-12%	-4%	-4%
Decrease of discount rate by	(0.5%)	10 841	947	16
As a percentage of end-of-year liability		14%	5%	4%
<b>Effect of change in assumed health-care cost trend rates</b>				
Effect on year-end accumulated post-employment benefit obligation				
Increase of health-care cost trend rate by	0.5%	10 510	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(9 026)	Not applicable	Not applicable
Effect on combined service and interest cost components on net				
Increase of health-care cost trend rate by	0.5%	1 641	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(1 386)	Not applicable	Not applicable

The best estimate of contributions expected by UN-Women to be paid for the next 12 months for after-service health insurance is \$0.3 million, and for repatriation benefits, \$1.8 million.

### United Nations Joint Staff Pension Fund

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations, Rules and Pension Adjustment System of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UN-Women and the Fund, in line with the other organizations participating in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated the plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Entity's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

In the Fund's Regulations, it is stated that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

The financial obligation of UN-Women to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision in article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. During 2017, the Fund identified anomalies in the census data utilized in the actuarial valuation performed as at 31 December 2015. As a result, as an exception to the normal biennial cycle, a roll forward of the participation data as at 31 December 2013 to 31 December 2016 was used by the Fund for its financial statements for 2016.

The latest actuarial valuation for the Fund was completed as of 31 December 2017, and the valuation as of 31 December 2019 is currently being performed. A roll forward of the participation data as of 31 December 2017 to 31 December 2018 was used by the Fund for its 2018 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2 per cent. The funded ratio was 102.7 per cent when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2017, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

Should article 26 be invoked owing to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based on the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2016, 2017 and 2018) amounted to \$7,131.56 million, 0.6 per cent of which was contributed by UN-Women.

During 2019, the Entity's contributions paid to the Fund amounted to \$18.2 million (2018: \$15.2 million). Expected contributions due in 2020 are approximately \$22 million.

Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to a mutually agreed arrangement between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that is in excess of the liabilities is included in the amount.

The Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and the General Assembly on the audit every year. The Fund publishes

quarterly reports on its investments, which can be viewed by visiting its website, [www.unjspf.org](http://www.unjspf.org).

**Note 16**  
**Other liabilities**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Deferred income	381	1 307
Funds received in advance	3 504	2 908
Investment settlements payable	13	27
Other accruals	15 101	11 677
Other payables	402	1 121
<b>Other current liabilities</b>	<b>19 401</b>	<b>17 040</b>

Deferred income represents funds received for future years from multi-year donor agreements, which are apportioned by calendar year over the period of the agreement and recognized when timing conditions are met. Funds received in advance represents funds held pending the signing of donor agreements or payment.

Investment settlements payable represent a foreign exchange trade, completed in January 2020 (2018: January 2019). Other accruals represent funds accrued for payments relating to security, learning, information and communications technology, audit and reimbursements due to United Nations jointly funded activities. Other payables represent refunds pending to donors and other liabilities.

**Note 17**  
**Accumulated surplus or deficit**

The movement in the accumulated surplus or deficit during the year is shown below.

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Accumulated surplus/(deficit) at the beginning of the year</b>	<b>386 677</b>	<b>352 970</b>
Current-year surplus/(deficit)	106 512	24 458
Transfer to operational reserve	–	(1 620)
Refunds to donors	(2 356)	(2 077)
Actuarial gain/(loss)	(9 196)	12 946
<b>Accumulated surplus/(deficit) at the end of the year</b>	<b>481 637</b>	<b>386 677</b>

**(a) IPSAS reserve**

The accumulated surplus includes a balance of \$12.8 million relating to IPSAS reserves. There were no adjustments to the IPSAS reserves during the year.

**(b) Refunds to donors**

Refunds to donors represents funds returned to donors in accordance with agreements after the completion of activities for projects and programmes.

**(c) Actuarial gains or losses**

Actuarial losses relating to after-service health insurance, repatriation and death benefit obligations in the amount of \$9.2 million are accounted for using the “reserve recognition” approach and are recognized through net assets in the statement of financial position and in the statement of changes in net assets in the year in which they occur (see note 15).

**Note 18****Reserves**

The movement in the reserves during the year is shown below.

(Thousands of United States dollars)

	31 December 2019	Movements	31 December 2018
Operational reserve	26 520	–	26 520
Field accommodation reserve	1 000	–	1 000
Changes in fair value of available-for-sale investments	5 009	5 729	(720)
<b>Total reserves</b>	<b>32 529</b>	<b>5 729</b>	<b>26 800</b>

**(a) Operational reserve**

In accordance with regulation 19.2 of the Entity’s financial regulations and rules and Executive Board decision 2012/8 of 30 November 2012, UN-Women maintains an operational reserve of \$26.5 million, the purpose of which is to guarantee the financial viability and integrity of the agency. No increase was made to the operational reserve in 2019. The reserve is fully funded and held in irrevocable and promptly available liquid assets which are included in the pool of investments of UN-Women. The elements to be compensated for and covered by it shall be limited to downward fluctuations or shortfalls in resources: uneven cash flows; increases in actual costs as compared with planning estimates or fluctuations in delivery; and other contingencies that result in a loss of resources for which UN-Women has made commitments for programming.

**(b) Field accommodation reserve**

A reserve for field office accommodation of \$1 million was established in accordance with Executive Board decision 2012/8. With the establishment of regional offices and the ongoing potential for increased participation in United Nations common premises, UN-Women may incur additional costs to finance its share. UN-Women can make drawdowns from the reserve, which will be replenished from the accumulated surplus on an annual basis.

**Note 19****Voluntary contributions**

(Thousands of United States dollars)

	2019	2018
Contributions	498 696	382 924
Contributions in kind	1 697	1 371
<b>Total voluntary contributions</b>	<b>500 393</b>	<b>384 295</b>



In-kind contributions representing rent provided by Governments and United Nations agencies amounted to \$1.7 million. In-kind services provided to UN-Women during the year amounted to \$5.1 million (2018: \$7.2 million) and are not recorded as income in these financial statements, in accordance with the accounting policies of UN-Women.

**Note 20**  
**Assessed contributions**

(Thousands of United States dollars)

	2019	2018
Assessed contributions	10 162	8 032
<b>Total assessed contributions</b>	<b>10 162</b>	<b>8 032</b>

Assessed contributions are issued as an annual allotment from the United Nations regular budget.

**Note 21**  
**Investment revenue**

(Thousands of United States dollars)

	2019	2018
Interest revenue	10 552	8 955
Amortization on investments	1 758	173
Dividend income	519	496
<b>Total investment income</b>	<b>12 829</b>	<b>9 624</b>

Amortization on investments relates to the net bond income balance from amortizing of premiums (debit) and discounts (credit). The premiums and discounts are part of the initial purchase price of bonds and, in observance of accrual accounting principle, are amortized to maturity or call. A credit has resulted because the portfolio continues to purchase discounted bonds as part of its overall investment strategy.

**Note 22**  
**Other revenue**

(Thousands of United States dollars)

	2019	2018
Currency exchange gains	1 521	756
Miscellaneous revenue	1 862	1 350
Fees and support services	25 160	17 229
Less elimination	(24 686)	(17 175)
<b>Total other revenue</b>	<b>3 857</b>	<b>2 160</b>

Miscellaneous revenue represents reimbursement of rent from the United Nations Secretariat, reimbursement from other United Nations entities for provision of services and miscellaneous revenue. The indirect costs charged by UN-Women in relation to the management of other resources are based on the rate of recovery

established by the Executive Board and were recognized during the year as an increase in fees and support services revenue, and at year end, those amounts comprised the elimination items (see note 5).

**Note 23****Exchange transactions revenue**

(Thousands of United States dollars)

	2019	2018
Exchange transactions revenue	161	607
<b>Total exchange transactions revenue</b>	<b>161</b>	<b>607</b>

Revenue from exchange transactions represents the delivery of products, training and technical support for gender equality courses, to other United Nations entities, Governments, civil society organizations and the general public.

**Note 24****Expenses**

(Thousands of United States dollars)

	2019	2018
<b>Employee benefits</b>		
Salary and wages	96 610	84 915
Pension benefits	18 188	15 245
Post-employment and termination benefits	11 649	11 320
Leave benefits	2 422	2 550
Other employee benefits	12 964	12 554
Related agency costs	—	—
<b>Subtotal</b>	<b>141 833</b>	<b>126 584</b>
<b>Contractual services</b>		
Contract services with individuals	82 621	69 750
Contract services with companies	28 226	28 434
United Nations Volunteers costs	3 818	2 664
<b>Subtotal</b>	<b>114 665</b>	<b>100 848</b>
<b>Grants and other transfers</b>	<b>9 155</b>	<b>10 845</b>
<b>Supplies and maintenance</b>		
Maintenance and non-capitalized property	7 301	5 681
Maintenance and non-capitalized information technology and communications equipment	1 768	1 518
Maintenance and non-capitalized software and licences	1 660	1 333
Consumables	1 025	987
<b>Subtotal</b>	<b>11 754</b>	<b>9 519</b>

	2019	2018
<b>Operating costs</b>		
Communication costs	15 174	15 193
Learning, training and recruitment costs	42 510	32 038
Support services paid to United Nations agencies	5 954	7 910
Insurance/warranties	159	169
Rent, leases, utilities	21 137	19 423
Professional services	2 453	1 553
Freight costs	216	149
Other operating costs	6 897	6 124
General management costs	2 959	2 188
<b>Subtotal</b>	<b>97 459</b>	<b>84 747</b>
<b>Travel costs</b>		
Tickets	14 689	14 992
Daily subsistence allowance	17 531	19 259
Other	3 437	3 141
<b>Subtotal</b>	<b>35 657</b>	<b>37 392</b>
<b>Depreciation and amortization</b>	<b>2 783</b>	<b>3 344</b>
<b>Finance costs</b>		
Bank charges	271	267
<b>Subtotal</b>	<b>271</b>	<b>267</b>
<b>Other expenses</b>		
Stationery and other project expenses	3 869	2 629
Currency exchange losses	434	4 142
Losses on property, plant and equipment	400	264
Impairment and prior and current period write-offs	2 610	(321)
<b>Subtotal</b>	<b>7 313</b>	<b>6 714</b>
<b>Total expenses</b>	<b>420 890</b>	<b>380 260</b>

## Note 25

### Financial risks

The investment activities of UN-Women are carried out by UNDP under a service-level agreement. Under the terms of the agreement, UNDP applies its investment guidelines and governance framework for the benefit of UN-Women. Investments are registered in the name of UN-Women with marketable securities held by a custodian appointed by UNDP.

The principal objectives of the investment guidelines (listed in order of importance) are as follows:

(a) Safety – preservation of capital, provided through investing in high quality fixed-income securities emphasizing the creditworthiness of the issuers;

(b) Liquidity – flexibility to meet cash requirements through investments in highly marketable fixed-income securities and through structuring maturities to align with liquidity requirements;

(c) Revenue – maximization of investment revenue within the foregoing safety and liquidity parameters.

The UNDP Investment Committee, comprising senior management, meets quarterly to review investment portfolio performance and ensure that investment decisions have complied with the established investment guidelines. UN-Women receives a detailed monthly and quarterly investment performance report from UNDP which shows the composition and performance of the investment portfolio. The Director of Management and Administration, the Deputy Director of Financial Management and the Chief of Budget meet with the UNDP Treasury each quarter to review the investment portfolio performance of UN-Women and provide updated cash flow projections.

In 2016, UN-Women outsourced a portion of the investment management of its after-service health insurance funds. This was done to ensure an adequate level of investment return given the longer-term nature of the liabilities. Holdings may include cash and cash equivalents, equities and fixed-income securities. As at 31 December 2019, this portfolio was classified as available-for-sale.

The external investment managers are governed by the after-service health insurance investment guidelines. The guidelines ensure that all of the investment activities reflect the best conditions of security, accountability and social responsibility while operating in full compliance with the highest standards of quality, efficiency, competence and integrity. These guidelines are reviewed and approved on a periodic basis by the after-service health insurance investment committee, of which UN-Women is a member. The investment committee meets regularly and receives monthly reports from the external investment managers.

UN-Women is susceptible to a variety of financial risks arising from financial instruments to which the Organization is exposed, including the following:

- (a) Credit risk – the possibility that third parties may not pay amounts when due;
- (b) Liquidity risk – the possibility that UN-Women might not have adequate funds to meet its current obligations as they fall due;
- (c) Market risk – the possibility that UN-Women might incur significant financial losses owing to unfavourable movements in foreign currency exchange rates, interest rates and prices of investment securities.

The tables below show the value of financial assets outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Held-to-maturity</i>	<i>Available-for-sale</i>	<i>Receivables</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Cash and cash equivalents	–	–	145 360	–	145 360	57 295
Investments	373 527	49 509	–	–	423 036	413 270
Accounts receivable	–	–	28 120	–	28 120	19 504
Advances	–	–	43 395	–	43 395	34 881
Other assets	–	–	5 809	–	5 809	5 356
<b>Total financial assets</b>	<b>373 527</b>	<b>49 509</b>	<b>222 684</b>	<b>–</b>	<b>645 720</b>	<b>530 306</b>

Held-to-maturity financial assets are carried at amortized cost and, as at 31 December 2019, the market value of those assets was higher than book value by \$1.3 million. The carrying values for loans and receivables are a reasonable approximation of their fair value. As at 31 December 2019, available-for-sale assets were carried at fair market value based on quoted prices obtained from knowledgeable third parties. UN-Women had no outstanding balances of financial assets classified as fair value through surplus or deficit.

The tables below show the value of financial liabilities outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Other financial liabilities</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Accounts payable	14 438	–	14 438	20 946
Other liabilities	19 401	–	19 401	17 040
<b>Total financial liabilities</b>	<b>33 839</b>	<b>–</b>	<b>33 839</b>	<b>37 986</b>

As at 31 December 2019, UN-Women had no outstanding financial liabilities recorded at fair value through surplus or deficit. The carrying value of other financial liabilities is a reasonable approximation of their fair value.

### Credit risk

UN-Women is exposed to credit risk on its outstanding financial asset balances, primarily cash and cash equivalents, investments, receivables from contributions, advances and other receivables.

UN-Women operates bank accounts in five currencies and in four countries: Norway, Sweden, the United Kingdom and the United States. For other currencies, UN-Women uses the bank accounts of UNDP and relies upon the risk management processes of UNDP. UN-Women is exposed to default risk of those financial institutions.

With regard to its financial instruments, the UNDP investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit quality requirements. The credit risk mitigation strategies stated in the investment guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed income instruments of sovereigns, supranationals, governmental or federal agencies, and banks. Investment activities are carried out by UNDP and UN-Women offices are not authorized to perform investment activities.

Credit ratings from the three leading credit rating agencies, Moody's, S&P Global Ratings and Fitch, are used to evaluate the credit risk of financial instruments. As at 31 December 2019, the financial investments of UN-Women were in investment grade instruments, as shown in the table below (presented using the S&P Global Ratings rating convention).

A/75/5/Add.12

### Credit ratings of investments under United Nations Development Programme management

(Thousands of United States dollars)

31 December 2019	AAA	AA+	AA-	AA	A+	A	A-	Total
Time deposits	—	—	25 000	—	—	—	25 000	50 000
Money market instruments	29 721	—	20 000	—	—	10 000	—	59 721
Bonds and notes	128 527	39 662	28 978	41 382	10 257	15 000	—	263 806
<b>Total</b>	<b>158 248</b>	<b>39 662</b>	<b>73 978</b>	<b>41 382</b>	<b>10 257</b>	<b>25 000</b>	<b>25 000</b>	<b>373 527</b>

31 December 2018	AAA	AA+	AA-	AA	A+	A	A-	Total
Money market instruments	—	—	—	—	30 000	35 000	—	65 000
Bonds and notes	163 491	59 428	41 816	36 316	4 999	—	—	306 050
<b>Total</b>	<b>163 491</b>	<b>59 428</b>	<b>41 816</b>	<b>36 316</b>	<b>34 999</b>	<b>35 000</b>	<b>—</b>	<b>371 050</b>

### Credit ratings of investments under external investment managers

(Thousands of United States dollars)

31 December 2019	AAA	AA+	AA-	A+	A	A-	BBB+	BBB	United States Treasury	Others	Total
Bonds and notes	1 694	84	441	448	51	235	165	420	2 245	12 240	18 023
<b>Total</b>	<b>1 694</b>	<b>84</b>	<b>441</b>	<b>448</b>	<b>51</b>	<b>235</b>	<b>165</b>	<b>420</b>	<b>2 245</b>	<b>12 240</b>	<b>18 023</b>

31 December 2018	AAA	AA+	AA-	A+	A	A-	BBB+	BBB	United States Treasury	Others	Total
Bonds and notes	181	159	150	496	167	167	366	410	1 282	13 327	16 705
<b>Total</b>	<b>181</b>	<b>159</b>	<b>150</b>	<b>496</b>	<b>167</b>	<b>167</b>	<b>366</b>	<b>410</b>	<b>1 282</b>	<b>13 327</b>	<b>16 705</b>

Externally managed investments are governed by the after-service health-insurance investment guidelines. Other rated bonds include exchange-traded funds of fixed-income investments in the amount of \$10.6 million (2018: \$9.8 million) rated between AAa and Baa, with the remaining balance comprising government and corporate bond funds.

For other resources, the financial regulations and rules of UN-Women require that expenditures be incurred only after receipt of funds from the donor, thereby considerably reducing the financial risk to the organization with regard to contributions receivable.

### Liquidity risk

Liquidity risk is the risk that UN-Women will encounter difficulty in meeting its obligations associated with accounts payable, other liabilities and promised transfers of cash to programmes. UN-Women does not have significant liquidity risks, as its operations and investments are managed in accordance with its budget and with due consideration of cash requirements for operating purposes.

Investments are made with due consideration to cash requirements for operating purposes based on cash flow forecasting. The investment approach considers the

timing of future funding needs of the organization when selecting investment maturities. UN-Women maintains a portion of its cash and investments in cash and cash equivalents (26 per cent) and current investments (43 per cent) sufficient to cover its commitments as and when they fall due, shown in the table below and in notes 6 and 7.

(Thousands of United States dollars)

	31 December 2019	Percentage	31 December 2018	Percentage
Cash balances	5 354	1	4 574	1
Cash equivalents	140 006	25	52 721	11
<b>Total cash and cash equivalents (net)</b>	<b>145 360</b>	<b>26</b>	<b>57 295</b>	<b>12</b>
<b>Investments</b>				
Current investments	245 530	43	216 936	46
Non-current investments	177 506	31	196 334	42
<b>Total current and non-current investments</b>	<b>423 036</b>	<b>74</b>	<b>413 270</b>	<b>88</b>
<b>Total investments cash and cash equivalents</b>	<b>568 396</b>	<b>100</b>	<b>470 565</b>	<b>100</b>

### Market risk

Market risk is the risk that UN-Women is exposed to potential financial losses owing to unfavourable movements in market prices of financial instruments, including movements in interest rates, exchange rates and prices of securities.

#### *Interest rate risk*

Interest rate risk arises from the effects of market interest rates fluctuations on the following:

- (a) Fair value of financial assets and liabilities;
- (b) Future cash flows.

A portion (11.70 per cent) of the Entity's investment portfolio is classified as available-for-sale investments that are carried at fair value through net assets/equity, which expose UN-Women to interest rate risk. However, a significant portion (88.3 per cent) of the investment portfolio is classified as held-to-maturity, which is not marked-to-market. Changes in interest rates do not have an impact on held-to-maturity book carrying values, and therefore changes in interest rates will have no significant impact on net assets and surplus or deficit reported in the financial statements.

UN-Women invests in United States dollar-denominated floating rate debt, which exposes it to fluctuations of future cash flows. This exposes the organization to a decrease in future cash flows of interest income in a declining interest rate environment and an increase in future cash flows of interest income in an increasing interest rate environment. As at 31 December 2019, UN-Women had no outstanding floating rate fixed-income securities.

#### *Equity price risk*

In 2019, UN-Women held equity investments in its externally managed portfolio of after-service health insurance funds. The table below presents the price sensitivity of equity investments to a 5 per cent change in equity prices. The sensitivity pertains

to equity investments classified as available-for-sale, which are marked to market through net assets/equity; changes in their prices would therefore have no impact on the UN-Women surplus or deficit.

(Thousands of United States dollars)

31 December 2019 market value	Sensitivity variation	Impact on the financial statements	
		Net assets	Surplus or deficit
18 023	5 per cent increase	901	–
18 023	5 per cent decrease	(901)	–

### Foreign exchange risk

UN-Women is exposed to currency risk arising from financial assets that are denominated in foreign currency and financial liabilities that have to be settled in foreign currency.

UN-Women receives donor contributions primarily in United States dollars, but also in a number of major currencies, including the pound sterling, the euro, the Swedish krona and the Norwegian krone. On an ongoing basis, UN-Women evaluates its need to hold cash and other assets in foreign currencies against its foreign currency obligations during the quarterly meetings with the UNDP Treasury. UN-Women commenced a hedging strategy from March 2015.

At 31 December 2019, all investments of UN-Women were denominated in United States dollars. However, cash balances were held in several non-United States dollar currencies, representing 73.9 per cent of total cash balances.

(Thousands of United States dollars)

	United States dollar	Euro	Pound sterling	Norwegian krone	Swedish krona	Others	31 December 2019 total
Cash in bank accounts	1 393	482	3 223	12	217	–	5 327
Petty cash	4	–	–	–	–	23	27
<b>Total cash balances</b>	<b>1 397</b>	<b>482</b>	<b>3 223</b>	<b>12</b>	<b>217</b>	<b>23</b>	<b>5 354</b>

The UNDP Treasury uses derivative instruments, such as foreign exchange forwards, options and structured options to manage the Entity's foreign exchange exposure. These derivatives are marked-to-market with gains or losses recognized in surplus and deficit in the statement of financial performance. At 31 December 2019, UN-Women had no open derivative positions.

### Other price risk

UN-Women is exposed to price risk arising from movement in the prices of financial instruments which might fluctuate owing to factors other than changes in interest rate or currency fluctuations. The conservative nature of the UNDP investment guidelines mitigates potential exposure to other price risk.

## Note 26

### Budget reconciliation

The statement of comparison of budget and actual amounts (statement V) is presented in the same format as the integrated budget for 2018–2019, with the additional inclusion of assessed contributions (regular budget activities). As the



financial statements are prepared in accordance with IPSAS and the budget is prepared on the modified cash basis, the reported financial results (actual) are adjusted to provide for a comparison to the budget as presented in the statement of comparison of budget and actual amounts. The main changes between the IPSAS financial results and the results on a budget basis relate to difference in the treatment of cost of assets, staff-related accrued benefits and the treatment of cash advances to partners and staff members.

The integrated budget is prepared and presented on a biennial basis. The year 2019 represents approximately 50 per cent of the integrated budget estimates for the biennium 2018–2019.

**(a) Regular budget activities – assessed contributions 2019**

For the year 2019, there is a total variance showing overexpenditure of \$0.5 million owing to (i) after-service health-insurance reserve contributions, which UN-Women is required to make under its end-of-service liabilities funding plan, while the assessed budget only provides for a pay-as-you-go basis; and (ii) staff taxes and rent, which are reimbursable from the regular budget and treated as accounts receivable in 2019.

**(b) Development activities – voluntary contributions 2019**

**(i) Programme**

The original budgets reflected the original estimates used in the 2018–2019 integrated budget, which were based on total projected resources of \$880 million in voluntary contributions for the biennial period. Total voluntary contributions originally budgeted for 2019 were \$440 million.

Total programme variances are \$8 million, split between regular and other resources as follows:

(a) Programme expenditures from regular resources are \$0.7 million lower than the budget. Differences between budgeted and actual expenditure are mainly as result of post vacancies. Actual delivery rates for the core programme averaged 96.6 per cent, with a budget utilization rate of 99 per cent;

(b) Programme expenditures from other resources are \$7.3 million lower than the budget. The difference may be a result of the fact that projects funded from donor contributions are mostly multi-year, so the deliverables are subject to modification as required during the life cycle of the project, and unspent project resources are carried forward to the following year. The delivery rate averaged 84.4 per cent, with a budget utilization rate of 97.3 per cent.

**(ii) Institutional budget (development effectiveness, United Nations coordination, management activities and special purpose)**

The institutional budget component of the integrated budget comprises the following cost classification categories: development effectiveness; United Nations development coordination; management activities, including evaluation and audit and investigations; and special purpose. The variance between the final budget and expenditures of \$7.3 million is mostly a result of post vacancies. The delivery rate and budget utilization rate for the institutional budget was 92.4 per cent. The institutional budget is available for spending during the annual budget period only. Any unspent balances revert to the account held by UN-Women, in accordance with financial regulation 18.3, and form part of the accumulated surplus of regular resources.

*Basis adjustments*

The budget is prepared on a modified cash basis and the financial statements are prepared on a full accrual basis in compliance with IPSAS requirements. In order to reconcile the budgetary result with the cash flow statement, the non-cash elements are removed as basis differences. The principal adjustments that have an impact on the reconciliation between the budget and the statement of financial performance are as follows:

- Capital expenditures capitalized and depreciated over their useful life under accrual accounting (generally recorded as current year expenses in the budget)
- Under accrual accounting, employee benefit liabilities are reported in the statement of financial position, and movements in liabilities have an impact on the statement of financial performance
- Unliquidated obligations are included in budget reporting but are not recognized under accrual accounting

*Timing differences*

Timing differences relate to open purchase orders

*Presentation differences*

Presentation differences are those differences in the format and classification schemes used in the statement of cash flow and in the statement of comparison of budget and actual amounts. As such, the presentation differences in the reconciliation relate to revenue.

**Reconciliation: budgetary result with net cash flow**

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Total</i>
Actual amount on comparable basis, as presented in the budget and actual comparative statement	(427 710)	–	(427 710)
Basis differences	(19 844)	5 221	(14 623)
Timing differences	4 088	–	4 088
Presentation differences	527 402	–	527 402
<b>Actual amount in statement of cash flow</b>	<b>83 936</b>	<b>5 221</b>	<b>89 157</b>

**Note 27****Related party transactions****Governing bodies**

UN-Women is governed by an Executive Board on the basis of General Assembly resolution [64/289](#), which stipulates in paragraph 57 (b) that the Assembly, the Economic and Social Council and the Executive Board of the Entity shall constitute the multi-tiered intergovernmental governance structure for the operational activities and shall provide operational policy guidance to the Entity. The Executive Board comprises 41 members (elected from five regional groups and one contributing group), who do not receive any remuneration from UN-Women.

The Executive Board of UN-Women also engages with the Executive Boards of other United Nations operational entities in an effort to harmonize approaches to operational activities. Those engagements also provide opportunities for sharing

experiences and coordinating programme work on gender equality and gender mainstreaming throughout the United Nations system. The work of the Executive Board is guided by its rules of procedure.

### Key management personnel

Key management personnel are the Executive Director, two Assistant Secretaries-General and eight senior Directors, as they have the authority for planning, directing and controlling the activities of the Entity and executing the mandate of UN-Women.

(Thousands of United States dollars)

	<i>Number of individuals</i>	<i>Compensation and post adjustment</i>	<i>Entitlements</i>	<i>Pension and health plans</i>	<i>Total remuneration 2019</i>	<i>Outstanding advances</i>
Key management personnel	11	2 002	158	828	2 988	74
Close family member	1	140	–	41	181	–
<b>Total</b>	<b>12</b>	<b>2 142</b>	<b>158</b>	<b>869</b>	<b>3 169</b>	<b>74</b>

Total remuneration paid to key management personnel and close family members (the spouses of key management personnel) includes net salaries; post adjustment; entitlements, such as allowances, grants and subsidies; and employer pension and health insurance contributions. Advances are those made against entitlements in accordance with the Staff Regulations and Rules of the United Nations. As at 31 December 2019, after-service health insurance, repatriation and death benefits for key management personnel included in employee benefits liabilities amounted to \$2.5 million, as determined by actuarial valuation.

### Note 28

#### Commitments and contingencies

##### (a) Open commitments

As at 31 December 2019, commitments of UN-Women for the acquisition of various goods and services contracted but not yet received amounted to \$23.7 million (2018: \$30 million).

##### (b) Lease commitments

As at 31 December 2019, UN-Women had future obligations for minimal lease payments as set out in the table below.

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Obligations for property leases</b>		
Within 12 months	9 357	8 963
1–5 years	13 814	16 838
Beyond 5 years	5 186	3 862
<b>Total property lease obligations</b>	<b>28 357</b>	<b>29 663</b>

The typical contractual leases of UN-Women are between 1 and 10 years, but some of the leases permit early termination within 30, 60 or 90 days. Leases often include provisions that allow for multiple renewals and are at rates considerably lower than the existing market rates. The aggregate difference between the leases at contract rates and their respective market rates is recognized as contribution-in-kind revenue.

**(c) Legal or contingent liabilities**

As at 31 December 2019, UN-Women had a limited number of immaterial contingent liability cases that represented ongoing legal and administrative law claims.

Owing to the uncertainty of the outcomes of the cases, neither a liability nor a provision was recorded as at the reporting date because the occurrence and timing of outflow is not certain. Moreover, on the basis of current knowledge, UN-Women believes that the amount or range of estimated value of any liability resulting from the loss of a claim will not, either individually or in the aggregate, have a material adverse effect on its operations, financial position, financial performance or cash flows. However, because the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties, the possible obligations may become actual liabilities as a result of the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UN-Women.

**Note 29**

**Events after the reporting date**

The reporting date for UN-Women is 31 December of each year. The date of certification and transmittal of the financial statements is 30 April of the year after the financial year end. On the date of signing these financial statements, the coronavirus disease (COVID-19) pandemic is characterized as a major event that has occurred since 31 December 2019, the potential financial impact of which cannot be reliably measured or assessed. No other material event, favourable or unfavourable, occurred between the balance sheet date and the date on which the financial statements were authorized for issue that would have affected the present statements.

